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NOTICE: An * indicates material not previously disseminated in electronic form.

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ITAR-TASS Carries Press Review for 9 Jun

LD0906060995 Moscow ITAR-TASS in English 0528 GMT 9 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 9 (Itar-Tass) — IZVESTIA runs materials under the headline "Refugees: Russia's tragedy which has not become its anguish" about how the problems of "displaced persons" is tackled in Germany and Russia.

Germany gained wide experience in work among immigrants ever since the post-war times when Germans were deported there from territories which had been under the rule of the Nazi Reich. Lately German immigration services have assumed a burden of efforts to "absorb" East German lands.

IZVESTIA correspodent Vasiliy Kononenko writes in a commentary on the forthcoming talks between the Presidents of Russia and Ukraine in Sochi that "if the two presidents fail to reach agreement this time either, a change in Russia's foreign-policy strategy with regard to Ukraine is inevitable."

IZVESTIA correspondent in Moldova describes the situation in the 14th Russian Army after its Commander, General Lebed, tendered his resignation. The commander estimates his chances for success in the protracted dispute with the Defence Ministry as 2-8, the correspondent points out.

ROSSIISKAYA GAZETA frontpages an article headlined "New Russia: the end of the era of romanticism" about the approaching Independence Day of Russia. What positivie things have been achieved by Russia in recent years, a French political scientist and assistant to French President Jacques Chirac asked the newspaper's correspondent.

ROSSIISKAYA GAZETA frontpages an article about the privatisation of the Savings Bank of Russia, commonly known as Sberbank, under the headline "Rescue the Sberbank". The privatisation of Russia's major bank questions its reliability and popularity with depositors.

Following the privatisation of the Sberbank in March 1991, the controlling interests (51 percent) on behalf of the state was held by the Central Bank of the Russian Federation.

Under a new law on the Central Bank, the latter has no right to act as founder of any financial entities. The question is who will take the place of the holder of the controlling interest.

KRASNAYA ZVEZDA (Red Star) frontpages an article about the awards system of Russia. Also fronted is a report by the newspaper's special correspondents from the upland areas of Chechnya. The report tells about units of Federal troops who distinguished themselves most of in the seizure of Vedeno.

KOMSOMOLSKAYA PRAVDA carries an article dedicated to Russian film actor Savely Kramorov, who died of a serious heart disease at a San Francisco hospital on Wednesday morning, June 7.

"The Master of the Kremlin" is the headline of an article about Mikhail Barsukov, Chief of the Main Directorate of the Guards of the Russian Federation.

ROSSIISKIE VESTI frontpages an article about talks which are to begin between Russia and Ukraine in Sochi on Friday and which will deal with the future of the Black Sea Fleet.

TRUD, under the rubric "Moscow and the Muscovites", carries an article headlined "Does the capital face hunger?". The article examines matters connected with a possible increase in food prices brought on by the import customs duties hike.

Yeltsin Meets With Ukraine's Kuchma on Black Sea Fleet

LD0906064795 Moscow ITAR-TASS in English 0628 GMT 9 Jun 95

[By Oleg Velichko, Andrei Shtorkh, and Irina Shchyogoleva]

[FBIS Transcribed Text] Sochi, June 9 (ITAR-TASS) — A Russo-Ukrainian summit meeting at the Radisson-Lazurnaya Hotel opened on Friday morning. The first round of the meeting in a narrow format began at 10:00, with Russian President Boris Yeltsin and his Ukrainian counterpart Leonid Kuchma taking part.

The future of the Black Sea Fleet is the central topic of discussion during the current summit. The two sides have been unable to settle the issue for more than three years.

It is not ruled out that Russian and Ukrainian delegations will meet at the same time to discuss financial, economic, foreign-policy, and military matters.

The Russian delegation includes Prime Minister Viktor Chernomyrdin, First Vice-Premier Oleg Soskovets, Defence Minister Pavel Grachev, Foreign Minister Andrey Kozyrev, presidential aides Viktor Ilyushin, Yuriy Baturin, Navy Commander-in-Chief Felix Gromov, representatives from the Russian Foreign and Defence Ministries, and experts.

The President of Ukraine is being accompanied by Prime Minister Yevheniy Marchuk, Foreign Minister Hennadiy Udovenko, Vladimir Gorbulin, Secretary of the National Security Council to the President, Anatoliy Lopata, Chief of the General Staff and First Deputy Minister of Defence, Navy Commander Vladimir Bezkorovainy and other officials.

[Moscow ITAR-TASS in English at 0620 GMT on 9 June carries the following related report by correspondents Oleg Velichko and Andrey Shtorkh from Sochi:

["Sochi, June 9 (ITAR-TASS) — A working meeting of Russian President Boris Yeltsin and Ukrainian President Leonid Kuchma will be held here today. The first round of talks with a limited number of participants will begin at 10.00 in the Radisson-Lazurnaya hotel, ITAR-TASS learned from reliable sources in the Russian delegation. It is quite probable that, along with those talks, the Russian and Ukrainian delegations will discuss a package of financial, economic and military problems.

["The future of the Black Sea Fleet will be the main item on the agenda of the talks. For three years it has been a stumbling block in Russian-Ukrainian relations. Several times the two sides were very close to reaching a comprehensive agreement on bases for the Fleet and on its future, but then their stands were changed, and no answer was found to the question of what would become of the Black Sea Fleet. A message of President Kuchma to President Yeltsin, in which the Ukrainian leader called into question provisions on the separate basing of the Fleet's vessels, coordinated long ago, was the latest episode in the dispute about the Fleet.

["Experts from the Russian delegation believe that no breakthrough will be reached at the current meeting. Most probably, it will be a regular working meeting. Yeltsin's press secretary Sergey Medvedev also is inclined to believe that the meeting will not bring a practical solution to the Black Sea Fleet problem. In his opinion, the finding of a political solution will be an accomplishment in itself because the current meeting may become a very important step on the way to talks between Yeltsin and Kuchma in Kiev.

["At present Russia insists that it should have at its disposals four harbours in Sevastopol, where the Russian Black Sea Flett could be based. The Ukrainian side is coming up with the alternative, which envisages the joint use of a number of facilities in Sevastopol, which is technically not possible, the Russian side believes.

["Talks in Sochi are going to be tough. The sides do not conceal the fact that they may not lead to a breakthrough. At the same time, the sources in the Russian delegation believe that if the Russian and Ukrainian sides so much as reiterate the already coordinated provisions dealing with the future of the Black Sea Fleet will be a success, because this will make clear the political side of the problem.

["The future of the Black Sea Fleet is not the only issue to be discussed in Sochi. The Russian and Ukrainian delegations are expected to discuss some financial problems, the payment of the foreign debt and the consolidation of economic relations between the two countries.

["Aside from President Yeltsin, the Russian delegation includes Prime Minister Chernomyrdin, Foreign Minister Kozyrev, Defence Minister Pavel Grachev, assistants to the President Viktor Ilyushin, Yuriy Baturin and Dmitriy Ryurikov, and Commander-in-Chief of the Russian Navy Felix Gromov."]

Talks End; Documents Readied

LD0906092795 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 9 Jun 95

[From the "Novosti" newscast]

[FBIS Translated Text] [Announcer Anna Prokhorova] The working meeting between the presidents of Russia and Ukraine has just ended in Sochi.

[Correspondent Andrey Murtazin over video of Yeltsin meeting Kuchma, shaking hands, members of the delegations, etc.] The main issue in today's dialogue between the two presidents concerns the Russian and Ukrainian fleets' bases. Moscow wants to have Sevastopol as its main navy base as well as two Crimean airports — Gvardeyskiy and Oktyabrskiy — and two communications' points. All other places of vessels' deployment should be given to Ukraine in line with previous agreements. Unfortunately, the stance of the Ukrainian side was not always consistent. Kiev has departed from the previously announced principle of separate deployment. During the latest meetings with Yeltsin in Moscow and Minsk, Leonid Kuchma said the two fleets should be deployed in Sevastopol together. Russia believes this is not acceptable and does not intend to return two of the four Sevastopol bays to Ukraine. All in all there are 220 places for mooring vessels in the city's bays. Ukraine is offering Russia only 28 percent of them, and this is despite the fact that the Russian part of the fleet is four times bigger than that of Ukraine.

Apart from the fleet deployment problem, the presidents of the two countries are likely to discuss economic problems, confidentially at first, and then at an expanded sitting with participation of foreign and defense ministers and experts.

[Prokhorova] The Russian president's press secretary Sergey Medvedev said the meeting was resultative. According to Medvedev, currently joint work of both delegations is in progress to work out two final documents, most likely, an agreement and a communique. According to Medvedev, the documents will be finally ready in about one hour's time to be followed by a signing ceremony in another hour and a half or two hours. Medvedev has told ITAR-TASS that this basically means a previously planned expanded round of talks will not take place because members of the delegations have exchanged opinions with regard to the agenda while the presidents were having a tete-a-tete conversation.

Yeltsin: Fleet Problem 'Settled'

LD0906104995 Moscow ITAR-TASS World Service in Russian 1036 GMT 9 Jun 95

[By ITAR-TASS special correspondent]

[FBIS Translated Text] Sochi, 9 June (ITAR-TASS) — Today we have "completely settled the problem of the Black Sea Fleet and have closed this problem once and for all," Russian President Boris Yeltsin told journalists at the end of four hours of talks with Ukrainian President Leonid Kuchma in Sochi's Radisson-Lazurnaya hotel.

The Russo-Ukrainain working summit was devoted mainly to the problem of the Black Sea Fleet.

Further on Agreement

LD0906110995 Moscow ITAR-TASS in English 1055 GMT 9 Jun 95

[By Oleg Velichko, Andrey Shtorkh, and Irina Shchegoleva]

[FBIS Transcribed Text] Sochi, June 9 (ITAR-TASS) — The Russian Black Sea Fleet will be based in Sevastopol under an agreement signed here today as a result of the Russian-Ukrainian summit.

The four-hour talks between Presidents Yeltsin and Kuchma resulted in the signing of two documents — the agreement on the Black Sea Fleet and a joint communique.

Ukrainian President Leonid Kuchma told journalists after the signing that Russian-Ukrainian summits will henceforth be held every month, and the prime ministers of the two countries will also meet on the same regular basis.

Boris Yeltsin and Leonid Kuchma will next meet in Crimea in July.

Yeltsin, Kuchma Comment

LD0906134195 Moscow ITAR-TASS in English 1320 GMT 9 Jun 95

[By Oleg Velichko, Andrey Shtorkh and Irina Shchegoleva]

[FBIS Transcribed Text] SOCHI, June 9 (ITAR-TASS) — Today, we "regulated fully the problem of the Black Sea fleet, and put a full stop (after deciding) this question," Russian President Boris Yeltsin told journalists after a four-hour meeting with Ukrainian President Leonid Kuchma.

The Russian-Ukrainian working summit at the hotel Radisson-Lazurnaya in Sochi centered around the Black

Sea fleet problem. The agreement stipulating that the Russian Black Sea fleet retains its main base in Sevastopol was the main result of the summit.

"I regard this event as an historic one," the Russian President said. He noted that the accord on the Black Sea fleet opens the way to the signing of a large-scale treaty of cooperation between Russia and Ukraine. This document must be signed during the scheduled and repeatedly rescheduled visit of the head of the Russian State to Kiev.

"Our main task is strategic partnership of the two great countries," Yeltsin stressed. It was hampered for a long time by "differences over the Black Sea fleet," Yeltsin recalled. "At long last, we with Leonid Kuchma, the two chairmen of government and other members of the delegations agreed on the full regulation of this issue. We put a full stop to it."

Boris Yeltsin said he was "glad for himself, for the Russian people, for the Ukrainian colleague, for Ukraine."

As dictated by tradition, the two presidents hugged each other and kissed three times.

"We discussed with the Russian President problems which are much more extensive than the problems of the Black Sea fleet," Ukrainian President Leonid Kuchma said. "But the main thing is that Ukraine and Russia really agreed on strategic partnership, and we must proceed from this in our day-to-day activity," he said.

"A major step forward has been made in relations between Ukraine and Russia, and I am happy about it," the Ukrainian President continued to say. "Many people were travelling to Sochi in a very pessimistic, expecting it to be yet another meeting which will not solve cardinal problems. But I now believe that we have undone this knot, although some minor problems and details remain, and we shall continue to work on them."

Leonid Kuchma said Yeltsin and himself had agreed to hold regular meeting once a month. The heads of government will also meet once every month. "We shall meet not necessarily to grapple with some global problems, regular meetings will simply help shake off all the 'superimpositions' which occur in bilateral relations," he said.

The Ukrainian President said Yeltsin and himself would next meet in Crimea.

Yeltsin 'May' Extend Stay in Sochi

LD0906144595 Moscow INTERFAX in English 1330 GMT 9 Jun 95

[FBIS Transcribed Text] SOCHI, Russia, June 9 (INTERFAX) — Russian President Boris Yeltsin, after meeting his Ukrainian counterpart, Leonid Kuchma, in Sochi, may stay there until the middle of next week, sources close to the president said.

During this time, Yeltsin plans to meet Russian Prime Minister Viktor Chernomyrdin, currently on vacation in Sochi, and other top Russian leaders, the sources told INTERFAX.

Karasin: 'No Power Solution' to Bosnia Crisis

LD0806142495 Moscow ITAR-TASS in English 1403 GMT 8 Jun 95

[By Valeriy Sevryukov and Vladimir Suprun]

[FBIS Transcribed Text] MOSCOW, June 8 (ITAR-TASS) — "There is no power solution to the Bosnian problem, and it means the U.N. operation should remain peacemaking one", Grigoriy Karasin, director of the information and press department in the Russian Foreign Ministry, said at a briefing today.

Russia, like its Western partners, is concerned by the aggravating crisis in Bosnia and the fate of the peacemakers, and also thinks it necessary to ensure security of the U.N. Protection Force (UNPROFOR) in Bosnia. It resolutely condemns any provocations aimed at military personnel of the U.N. peacemaking force, whose main task is to help establish peace in this region, Karasin noted.

The Russian Foreign Ministry shares the opinion of its Western partners about the need for raising the effectiveness of the UNPROFOR in Bosnia, the Russian diplomat added. However, any solutions, including to these issues, must bear a political character and considered within the U.N. framework in correlation with other problems of the UNPROFOR, which are hindering the fulfillment of their mandate in full, the Russian Foreign Ministry spokesman indicated.

Moscow 'Fears' UNPROFOR Mandate Could Change

LD0806170795 Moscow INTERFAX in English 1631 GMT 8 Jun 95

[From the "Diplomatic Panorama" feature: Reports by Aleksandr Korzun, Igor Porshnev, and Yevgeniy Terekhov]

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — Moscow fears that the sending of a NATO rapid deployment force to Bosnia could alter the mandate of UNPROFOR [UN Protection Force] peacekeepers. "From peacekeepers they might turn into a group for enforcing peace and later simply a multi-national force similar to the one that recently stayed in Somalia," a senior Russian diplomat told INTERFAX Thursday [8 June].

He said the result of the Somali operation was too sad to try to repeat it in Bosnia. The threat of diluting the UN peacekeeping operation remains despite assurances by France, which was largely behind the recent decision by NATO and EU defense ministers in Paris to send the rapid deployment force to Bosnia, the diplomat said. He added that Foreign Minister Andrey Kozyrev received similar assurances in London.

The diplomat believes that nothing short of incorporating the NATO force into UNPROFOR can help assuage existing fears. He said the NATO rapid-reaction force should be brought under UNPROFOR command and the force itself become part of the UN peacekeeping contingent in the region.

He said the discussion of these and other problems related to the sending of the rapid deployment force is under way at the UN Security Council.

He confirmed that the set of sanctions against Belgrade that are to be suspended in exchange for the mutual recognition of Bosnia and Yugoslavia has been agreed in principle.

"There is no special document to this end so far. But there is an understanding that the ban on railway, river and auto transit through Yugoslavia should be lifted. Besides, restrictions should be lifted on the deliveries of food, medicines and chemicals, expect those that can be used for military purposes," the diplomat said.

He did not rule out the possibility of a permission for the delivery of certain types of fuel, raw materials as well as spare parts for cars and equipment. The process of agreement continues. Evidently Belgrade has new requests to make, the official said.

He disagreed with the approach of the USA that insists that sanctions against Belgrade could be reimposed at the demand of only one permanent member of the UN Security Council. There has been no such precedent at the Security Council, the diplomat said.

According to him, Russia wants the resumption of the sanctions to be decided by the Security Council on the basis of an appropriate report of the UN Secretary General.

Moscow continues to examine the recent NATO decision to send a rapid deployment force to Bosnia, a Foreign Ministry spokesman told a news briefing in Moscow Thursday.

Grigory Karasin said:"Russia as much as its Western partners is concerned about the escalation of tension in Bosnia and the fate of UN peacekeepers there." He spoke of the need to ensure the safety of UN peacekeepers in ex-Yugoslavia. "We strongly condemn any provocation against UNPROFOR soldiers, whose main task is to help establish Bosnian peace," Karasin said.

He stressed that Russia and Western states see eye to eye on the need for higher UNPROFOR efficiency.

However, the spokesman called for a political solution to these and other issues which must be considered within the framework of the United Nations and in close connection with other UNPROFOR-related problems which hamper the enforcement of its mandate in full.

He confirmed Moscow's unchanging stance that the Bosnian problem cannot be resolved by force and consequently the UN operation must remain peaceful.

Karasin said that during the London visit of the Russian foreign minister it was agreed that steps to strengthen UNPROFOR do not amount to the revision of the peacemaking nature of the UN operation or a change of its mandate.

"The question of increasing the size of the force will be a subject of discussion at the Security Council," Karasin said.

Role of Bosnia Rapid Reaction Force Viewed

MM0906141695 Moscow KRASNAYA ZVEZDA in Russian 8 Jun 95 p 3

[Article by Sergey Sidorov: "Rescue of NATO 'Blue Helmets' Becoming a Matter for NATO Troops Themselves, or 'Multinational Forces' — New Term in Lexicon of Yugocrisis"]

[FBIS Translated Text] British General Michael Rose — predecessor and fellow countryman of General Rupert Smith, current commander of UN forces in Bosnia — used to talk of the need to have a reserve for a flexible reaction to threats to the "Blue Helmets." But this approach is to a large extent typical of planning conventional military operations rather than peacekeeping operations. After all, it is one thing when the "Blue Helmets" maintain peace in conditions agreed by the warring sides but quite another when they assume the task of "establishing peace" in conditions unacceptable to any of the sides. Thus, serious conflicts with "dissenters" are being programmed, as it were. In this case the "Blue Helmets" will indeed be unable to do without tanks and artillery....

As observers note, the strengthening last week of the peacekeeping contingent in Bosnia is by no means accidental but a natural phase in the UN Bosnian operation. The apparent urgency to send additional units

— maybe even to rescue the peacekeepers taken hostage — is merely the external aspect. The gradual buildup and "beefing up" of NATO's military presence is a considered and deliberate process which began when the "Blue Helmets" took control of Sarajevo airport in summer 1992. As is known, every decision on Bosnia on which NATO has insisted, for example on closing air space or starting to use NATO aviation on ground targets, was preceded by a crisis which subsequently culminated in the establishment of some political formula. While military potential increased by an order of magnitude and stayed like that until the next crisis. Thus history is repeating itself, admittedly this time with a lower degree of predictability.

At the same time new elements can be discerned in the decision of EU and NATO countries' defense ministers to create a "multinational rapid reaction force in Bosnia" (MRRF).

First, the MRRF will not actually be an integral part of the UN mission in Bosnia although, according to statements by NATO and European leaders, it will be transferred to the control of the respective "Blue Helmet" commanders of the whole of the former Yugoslavia and specifically of Bosnia — French General Janvier and Briton Rupert Smith. In other words, the initiative in the Bosnian operation is slipping out of the United Nations' hands and is gradually passing to NATO.

Second, it is clearly the British who are taking the lead in forming the MRRF's nucleus, despite the fact that it is the French who form the basis of UN forces both in the former Yugoslavia as a whole and in Bosnia and that it was actually France's idea to create the MRRF. It is typical that the British are taking the lead roles at the very moment when the U.S. President takes back what he said about U.S. ground forces' participation in the MRRF and the French prime minister, after week-long resoluteness to continue France's participation in the Yugoslav mission come what may, again states that the withdrawal of French "Blue Helmets" is a possibility.

Third, whatever has been said about French-German partnership as the basis of European defense, when it comes to the crunch Britain and France turn out to be the real partners. Moreover, right now their partnership within the MRRF's framework looks more convincing than partnership in the Western European Union or NATO. It cannot be ruled out that the results of Anglo-French strategic cooperation in Bosnia will have a considerable influence on future relations within the North Atlantic alliance itself.

Now, more details about how the West sees the "multinational forces." France has not yet detailed the composition of its contingent apart from the fact that it will number 1,500 servicemen who are now on the aircraft carrier Foch in the Adriatic and that they will be augmented by Army aviation and armored vehicles.

London's THE TIMES, citing British Defense Ministry sources, published certain data about the British contingent in the MRRF, which will mainly consist of subunits of the 24th Airmobile Brigade. A diagram from this newspaper is published above. The top section lists the number of troops and quantities of equipment and weapons to be moved during the initial deployment phase — before the end of next week. From left to right: 1,200 servicemen, two Lynx antitank helicopters, three armored obstacle- clearing (mine-clearing) vehicles, 12 105-mm light guns, and three Chieftain bridgelayers. The bottom section of the diagram shows reinforcements to be moved during the next phase. Left to right: 5,500 servicemen, 18 Chinook support helicopters, 24 Gazelle combat support helicopters, 18 Puma transport helicopters, 48 Lynx helicopters, and 12 105-mm guns. It is not yet known exactly in what composition the brigade will be moved to Bosnia — full or reduced, just as its future stationing location is not exactly known.

Military specialists note that if the MRRF takes shape as planned this will be the next step in creating a classic occupying army for Bosnia. The Russian Foreign Ministry on the one hand reacted extremely coolly to the idea of creating the MRRF, but on the other hand effectively agreed with it by putting forward the condition that the MRRF be strictly controlled by the "Blue Helmet" command in the former Yugoslavia. However, experience of the development of the Yugoslav crisis shows that even if a military-political decision on the Yugoslav crisis gets through the UN Security Council and boosts its standing, when it comes to interpreting it the "shots are called" by those who lead the mission on the ground, that is to say representatives of NATO member-countries.

Rybkin: Lifting of Sanctions Against Yugoslavia Overdue

LD0906140695 Belgrade TANJUG in English 1255 GMT 9 Jun 95

["Pool" item]

[FBIS Transcribed Text] Moscow, June 9 (TANJUG) — All sanctions against Yugoslavia should long have been lifted because of its principled policy regarding the solving of the Bosnian conflict, speaker of the State Duma (the Russian parliament's lower house) Ivan Rybkin said in an interview to TANJUG.

'The regime of sanctions against Belgrade is being unjustly prolonged, since Yugoslavia's constructive policy is well known,' Rybkin said and added that Yugoslavia 'has constantly been giving a contribution to the settlement of the crisis peacefully and quite reasonably and this fact should be honoured.'

The State Duma has repeatedly requested that bloodshed in Bosnia end, the embargo against Yugoslavia cease to be effective and even that Russia, 'unilaterally, without the U.N. approval, stop the blockade.'

The stands of the State Duma, 'whether while voting, or when addressing the head of state or other persons and institutions, have been reflecting the Russian people's opinion. Unfortunately, the stands of the State Duma and stands of Russia in general are not heard properly in the international community, which is not good for those who do not wish to hear,' Rybkin said.

He believes that 'there will be no winner' in the Bosnian conflict and that the international community bears part of the guilt for the developments, because 'some Yugoslav republics were recognized as independent states too quickly.'

According to Rybkin, the main key to ending the war in Bosnia is the lifting of the sanctions against Yugoslavia.

Asked whether Yugoslavia would fully return to the Russian market if the sanctions are lifted, Rybkin said that 'the two countries have possibilities and have to cooperate more.'

'Anyway, it is our obligation to help the suffering people,' Rybkin said. 'There will be no obstacles in the restoration of cooperation. Tens of thousands of Serbs currently work in Russia. They are mostly builders. But, cooperation has to be restored in all other fields as well.'

'Official cooperation between Yugoslavia and Russia cannot be any different, but friendly,' Rybkin said.

He said he hoped for some better days in the Balkans, 'Reason and patience will make it possible to get out of the current difficult situation.'

Rybkin explained the role of Serbian President Slobodan Milosevic in all this by saying, 'I am deeply convinced that Slobodan Milosevic is fully committed to the idea of peaceful resolution of the conflict. Our Foreign Ministry also very positively assesses the principled and moderate stands of the Serbian president.'

Duma Deputies Postpone Visit to Balkans

LD0806200495 Moscow ITAR-TASS in English 1952 GMT 8 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] Moscow, June 8 (ITAR-TASS) — A planned visit to the republics of the former Yugoslavia by deputies of the Russian State Duma has been put off until July. Vice-chairman of the Russian State Duma Committee for Defence, Major-General of the Air force Nikolay Bezborodov said in an exclusive interview with ITAR-TASS today that the parliamentary delegation was to leave for Bosnia and later proceed to Herzegovina to study the situation at the time of its sharp aggravation. However, the sharp aggravation of the situation on the Balkans demanded a review of the delegation's composition and its leadership. In particular, Chairman of the State Duma Ivan Rybkin is expected to head the Russian parliamentarians' delegation.

General Bezborodov ascribed the decision taken by member states of NATO to create a European rapid reaction force (RRF) to one of the destablizing factors. According to strategists of the North Atlantic Alliance, they were to be supplied with intelligence data and supported by the U.S. armed forces. Such a turn of events can change U.N. peacekeeping operations into hotbeds of armed confrontation in zones of powerful conflicts. The multinational RRF's inevitable involvement in combat operations will have a serious impact on the further development of events in Europe and in the whole world, he said. According to him, it cannot prevent touching Russia's national interests.

Delegations comprising parliamentarians of the Russian State Duma and the Federation Council are regularly sent to Yugoslavia for determining Russian policy on the Balkans. One of the delegations was headed by General Nikolai Bezborodov. Knowing the situation on the Balkans, he thinks that today the political climate in the European continent is determined by countries members of the North Atlantic Alliance. According to him, Russia is gradually losing its influence there, which may lead to irreversible consequences.

General Bezborodov regards NATO'S eastward extension at the cost of countries of Central and Eastern Europe as one of such undesirable consequences for Russia. The loss of the Balkan springboard and potential drawing near NATO's boundary to the borders of the Smolensk region, in his view, will put the country in a state of a defenceless person, who is forced to forge arms for defending himself from an attack. Then really an era of "cold peace" will begin in the Eurasian continent. It is not at all needed by Russia, being alien to its national interests, he said.

General Bezborodov emphasised that for clarifying Russia's stand efforts are needed not only by diplomats, but by military men as well. However, representatives of the Russian Defence ministry, unlike the Pentagon, do not strive for publicly protecting the interests of national security even from the tribune of the NATO headquarters in Brussels.

There are no representatives of the Russian Defence ministry present at the meeting of NATO Defence ministers opening today. Meanwhile, not only issues related to armed conflict in the republics of the former Yugoslavia are being discussed there, but also the extension of NATO towards the East. "Such an approach towards the cause does not help strengthen the structure of security in Europe and allows other countries not to pay attention to the view of our state which was and remains a great power", Major-General Nikolay Bezborodov thinks.

Kozyrev 'In No Hurry' for Full G-7 Membership

MM0806145295 Moscow IZVESTIYA in Russian 9 Jun 95 p 3

[Report by Aleksandr Shalnev: "Andrey Kozyrev Does Not Think That Moscow Ought To Rush To Join the 'Seven'"]

[FBIS Translated Text] London — Had it been up to Andrey Kozyrev himself, he would have been in no great hurry to make Russia a full member of the elite club of leading powers, whose leaders are planning to gather in a few weeks' time for their next meeting in Halifax (Canada). Moscow's desire to join this club and transform it from the G-7 into the G-8 is seen by the foreign minister as a sign of some "inferiority complex."

In the course of quite a frank interview, which I managed to obtain from the minister while he was slowly — without any hurry and without attracting any attention — walking along London's central street from his meeting with Prime Minister Major to his talks with Foreign Secretary Hurd, he expressed the idea that,in principle, it is too early for us to become the "eighth." "Maybe in a few years' time."

The minister pondered the actual contribution Russia could make to the discussion of, say, questions about rendering assistance to underdeveloped states, adding that our country, in terms of several other parameters of its current economic status, could hardly participate on an equal basis in summit discussions with the other G-7 states.

Be that as it may, the minister who, as his words indicate, is working for Russia's membership of the elite club not of his own free will and even against it, has achieved certain successes in London. Britain seems to have backed our idea that President Yeltsin's signature should be appended to the Halifax meeting's final statement on global economic problems, and that the traditional gala supper which will bring together the Western leaders and the Russian leader should be not ceremonial but a strictly protocol affair, a working meal. This should apparently give Yeltsin an equal say. But Britain still has to agree this with the other G-7 members who, as Andrey Kozyrev admitted, are inclined to be more skeptical.

If the Ministry of Foreign Affairs is against pushing for the G-7's transformation into the G-8, who has issued the order to "push?" Yeltsin, of course, since — as Kozyrev himself has repeatedly stated — Russia's foreign policy is "presidential policy." But, by rejecting the minister's recommendations, the president appears to be following the opinion of his other aides and advisers who deal directly with international affairs.

Karasin: EU Using Chechnya To 'Impede' Cooperation

LD0806164795 Moscow INTERFAX in English 1620 GMT 8 Jun 95

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — At the same time as calling for further cooperation with Russia, the European Union Commission is impeding advances in key areas of cooperation by making use of Chechen events, thus contradicting itself, a foreign ministry spokesman told a Thursday [8 June] news briefing in Moscow.

Grigoriy Karasin was commenting on EU Commission documents on the prospects of EU-Russian relations drawn up in line with recommendations by a EU foreign ministers' meeting.

The Commission's recommendations speak in terms of delaying the signing of an interim trade agreement with Russia and suspending the ratification of the partnership and cooperation deal with it, Karasin said.

The spokesman hopes for an early removal of this contradiction and for Russian experts to be involved in finalizing the document.

Foreign, Defense Ministries Clash Over NATO

MK0906093095 Moscow KOMMERSANT-DAILY in Russian 9 Jun 95 p 3

[Report by Ilya Bulavinov under the "Russia-NATO Relations" rubric: "NATO To Test the Strength of the Grachev-Kozyrev Friendship"]

[FBIS Translated Text] Today's meeting of the heads of defense ministries of the North Atlantic Cooperation Council [NACC] has been expected with keen interest. Its agenda includes what may probably be the hottest pan-European subjects today — Bosnia, and NATO's enlargement eastward. But the interest has not been generated by the meeting's possible decisions (after all, defense ministers are not quite the top level), but first of all by what stance representatives of NATO countries would take. Guests from Moscow were also expected to arrive Brussels. No such luck. And not because they had nothing to say. One gains the impression that either they in Moscow simply do not know what the Russian decisionmakers' official stance on NATO's enlargement is, or they are unable to slice the foreign policy cake.

Initially, it was planned that Pavel Grachev would go to Brussels. At a meeting of NACC defense ministers "Grachev was to announce Russia's stance with regard to NATO clearly and firmly, but without unnecessary emphasis on confrontation," a Defense Ministry source told your KOMMERSANT-DAILY correspondent. It is well known that this stance boils down to categorical disagreement with the plans for the alliance's expansion. But circumstances have changed: The minister had to modify his plans and went to Sochi instead of Brussels to attend Russian-Ukrainian talks on the Black Sea Fleet. In Brussels, Grachev was to have been replaced by one of his deputies — Andrey Kokoshin, Mikhail Kolesnikov, and Konstantin Kobets were tipped as candidates.

What happened later, however, cannot but give rise to certain reflections regarding the situation in the Russian political leadership. According to KOMMERSANT-DAILY's information, it was precisely Andrey Kozyrev who saw to it that the Defense Ministry mission's trip to Belgium was canceled. In view of that, Russia will be represented at the military meeting by Vitaliy Churkin, Kozyrev's former deputy and currently Russian ambassador to Belgium and the EU. In this particular case, however, it is not so much personalities that matter, but, rather, what they are going to say.

Not only are Russian generals categorically opposed to NATO's enlargement, but they have grudgingly accepted the "Partnership for Peace" program only because this was President Yeltsin's will and the military submitted to it. They are not going to make any further compromises, however: Russia opposes NATO's enlargement, period.

The Russian Foreign Ministry also appears to be opposed to NATO's enlargement. But on Smolenskaya Square they prefer different, softer, and smoother tactics in relations with the West. (Possibly, the Foreign Ministry may be trying to look ahead to a period when Brussels will be able simply to ignore Moscow's firm "No" — particularly if opponents of a partnership with the West win the next elections in Russia. In this case a compromise will have to be sought — they won't be making war over that, after all.) In Moscow, however, some people are already fearful of Kozyrev's off-the-cuff remarks and unpredictability, something for which he was recently upbraided by Boris Yeltsin himself. For instance, according to informed members of the Security Council staff, in his address in Noordwijk, where it was officially announced that Russia is joining "Partnership," the head of the Russian Foreign Ministry softened the Russian stance that had been drawn up in Moscow in coordination with all interested agencies.

Essentially, currently the Defense Ministry and the Foreign Ministry share just one thing, namely the desire to buy time before the possible decision on enlarging NATO is made. There are several reasons for that: For instance, on one hand, they in Moscow expect to find allies among NATO member countries (presently Moscow hopes to find an understanding of its interests in Spain; Portugal; possibly, Britain; and, particularly, Greece), and on the other, to wait till elections are held in a year or a year and a half in a whole number of East European countries that are considered candidates for joining NATO. All the more so since there are grounds to expect a leftward swing in the policies of some of them.

When asked by your KOMMERSANT-DAILY correspondent why they shouldn't "put out feelers," as the Foreign Ministry is doing, KOMMERSANT-DAILY's source at the Defense Ministry expressed his view that currently any "moves" that are directly or indirectly aimed at strengthening NATO or its ties with East Europe (including to sound out possible compensation or to attach conditions to NATO's expansion) "risk channeling the process of decisionmaking on NATO's enlargement into an irreversible shape." Yet this is what will evidently happen if they continue bickering in Moscow over who defends whose interests, without determining the crucial matter of what these interests actually are.

In the meantime, at their meeting in Brussels yesterday NATO defense ministers discussed plans for sending NATO troops to Bosnia in order to reinforce or to evacuate UN forces. British Defense Secretary Malcolm Rifkind assured Kozyrev the other day that NATO forces would be placed under UN command. At the same time, they will be still subordinated to NATO operationally. That is to say, these will not be UN Protection Forces troops any more, but neither will this be a purely military intervention by NATO yet. But, clearly, the danger that NATO will slide into independent operations is great. And this situation (in the context of tensions between various Russian agencies over NATO that have yet to be straightened out) is fraught with acute contradictions. Both between Moscow and Brussels, and inside the Russian leadership itself.

Commentator Expresses Doubts About NATO's Expansion

LD0906140195 Moscow Voice of Russia World Service in English 1110 GMT 9 Jun 95

[From the "News and Views" program]

[FBIS Transcribed Text] The fifteen defense ministers of the NATO member states, with the exception of France which is not a member of the NATO military wing, have held a conference in Brussels. Anatoliy Potapov considers some of the conference's results:

At the conference in Brussels the defense ministers focused on the two major topics, including the situation in the former Yugoslavia and the problems dealing with the enlargement of NATO. The ministers approved the two Western countries' idea to create the so-called "Rapid Reaction Force" and to deploy them in Bosnia. These forces will consist of 10,000 men. Great Britain, France and The Netherlands agreed to send their servicemen there. By mid-July the new military units must be ready to start operations on Bosnian territory. The ministers said that what is meant here is a more effective defense of the United Nations itself and not external military interference in the conflict.

At a recent meeting in London, involving the foreign ministers of Russia and Great Britain, Andrey Kozyrev was given all the necessary explanations on this problem, which Moscow had inquired about earlier. The main point is that the creation of the Rapid Reaction Force in Bosnia does not at all mean that the mandate, received by the blue helmets from the United Nations Security Council, will be violated. The new initiative of the NATO will be discussed soon at the United Nations Security Council, which will make a decision on this on behalf of the United Nations.

With Moscow agreed to participate in the NATO Partnership For Peace program, the defense ministers voiced the hope in Brussels that, after this, military contacts between NATO and Russia will be both more frequent and close. However, the meeting proved that the course aimed at the enlargement of NATO eastwards, of which Russia strongly disapproves, remains unchangeable. What is new is perhaps the fact that the Committee for Military Planning in its communique finds it necessary to stop reductions in military expenditures by the NATO member states, to financially support the would-be NATO members.

You may remember that after the collapse of the Berlin Wall most of the NATO countries reduced their expenditures because the East no longer constituted a threat. But no mention was made of any tendency to transform NATO from a military alliance to a principally political organization. Such a reform is not even planned. On the contrary, when the military confrontation in Europe was over, NATO started planning to enlarge its military wing and it does not want to introduce any changes into the old military principles, providing security guarantees for its new members.

As for the new model of European stability at the turn of the millennium, Russia's opinion is different. Russia would like to see this difference to be a genuinely collective system without any new barriers between the European countries. But, of course, Moscow will thoroughly study all the details of NATO's intended enlargement.

This is what Colonel Valeriy Shaban, a military analyst and a member of Russia's Academy of Military Sciences, thinks: Any action generates counter action, he says. If NATO starts expanding intensively the atmosphere of mistrust and suspicion will inevitably demand that a counter action is offered. This means that the question that will cry for solution will be the steps to establish a similar military and political alliance in both quality and quantity.

Moscow Urges France Not To Resume Nuclear Tests

LD0806170595 Moscow INTERFAX in English 1602 GMT 8 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — Russia hopes that France will duly weigh all the circumstances and consequences of the possible decision to resume nuclear testing. A statement to this end was made at a Thursday briefing in Moscow by the Russian Foreign Ministry spokesman Grigoriy Karasin.

A working group of the French Armed Forces has spoken for the resumption of nuclear tests which Paris has not conducted since 1992.

"Russia which following the USSR has observed the moratorium on nuclear tests for almost four years is not indifferent to the decision of Paris. Russia will stick to the moratorium as long as it preserves its large-scale international nature," Karasin said.

According to him, the destruction of the current moratorium of four nuclear powers (Russia, USA, Britain and France) would deliver a serious blow to the recent disarmament agreements.

The resumption of tests would run counter to the spirit of the common decisions made at the New York conference and aimed at the speedy termination of all tests by all nuclear powers, Karasin stressed. "Naturally we cannot overlook the negative effect the resumption of tests will have on the atmosphere of the planned talks on another aspect of nuclear disarmament — the termination of the production of fissile materials," the spokesman said.

UN Tactics Against Iraq 'Counterproductive'

LD0806161795 Moscow ITAR-TASS in English 1550 GMT 8 Jun 95

[By Yuriy Kozlov]

[FBIS Transcribed Text] MOSCOW, June 8 (ITAR-TASS) — The "all or nothing" tactics used by some of the member-countries of the UN Security Council with regard to the possible lifting of the oil embargo against Iraq is counterproductive as it leads the process of the post-crisis settlement in the Gulf into an impasse, a spokesman for the Russian foreign ministry said here today.

The spokesman, Georgiy Karasin, summed up the results of Iraqi vice-premier Tariq 'Aziz's recent visit to Moscow.

Russia is firmly convinced that Baghdad should be allowed to see "the light at the end of the tunnel," particularly since notable progress in Iraq's affairs has become evident lately, the spokesman said.

He referred first of all to the fulfillment of the so-called "disarmament" demands of the Security Council concerning constructive cooperation of Iraq and the UN ad hoc commission, as well as the recognition by Iraq of Kuwait's sovereignty and international borders.

These developments have put on the agenda a question about the Security Council's adequate response, including the easing of sanctions, Grigoriy Karasin said. He expressed the hope that further cooperation between Iraq and the UN commission would close the "disarmament dossier", in which only one major question relating to the sphere of biological weapons remains in need of clarification.

According to Karasin, this would pave the way towards putting into effect Clause 22 of Security Council Resolution 687 which lifts the ban of Iraq's export of oil and other products.

"Of course, efforts should continue to be made to get Iraq fulfill other, no less important demands recorded in UN resolutions, including the clarification of the fate of the Kuwaiti citizens who went missing and the return of Kuwaiti property," the Russian official said.

According to him, Russia is determined to continue its assistance to search for a prompt solution to these problems.

Commentary on 'Conclusive Stage' in DPRK-U.S. Talks

SK0806051595 Moscow Voice of Russia World Service in Korean 1200 GMT 7 Jun 95

[FBIS Translated Text] The DPRK-U.S. talks, which are underway in Kuala Lumpur, have reached an agreement in principle.

Station commentator Aleksandr Kondratyev writes the following:

According to a statement issued by the DPRK Foreign Ministry, on the afternoon of 6 June, the delegates of the United States and the DPRK reached an agreement on the choice of the light-water reactor model, the mode of contract-making, the liabilities of the United States, and the expenses related to the construction.

According to a DPRK diplomat, the talks will reach a conclusive stage on 7 June.

The delegates from the two countries (?are holding working-level talks) to work out the details of the written agreement.

A spokesman for the DPRK Foreign Ministry has pointed out that the talks will achieve success in the very near future, if the other party respects the principles which have been agreed upon.

In a statement issued in Kuala Lumpur, Thomas Hubbard, U.S. deputy assistant secretary of state and the head of the U.S.-side delegation, also pointed out that the talks would conclude successfully today, if agreement was successfully reached on the remaining questions, while adding that an agreement had been reached on the relevant questions.

In this regard, it appears that the Kuala Lumpur talks will be concluded successfully.

The DPRK and the United States have conducted the talks on the nuclear issue in two stages. The first stage of talks were held in Berlin from 25 March to (?22) April. The Berlin talks failed to garner any success. The United States imposed ROK-style light-water reactors, while the DPRK remained absolutely opposed to them. Thus, they failed to reach an agreement on the principled questions.

When the talks began in Kuala Lumpur on 19 May, it appeared that these DPRK-U.S. talks were also headed on a similar course. This notwithstanding, they finally reached an agreement on the question of replacing graphite-moderated reactors with light-water reactors.

However, neither the U.S. side nor the DPRK-side has made public which country's light-water reactors will replace such graphite- moderated reactors.

According to an ROK source, Pyongyang will surely not accept ROK- style light-water reactors, but that it will accept light-water reactors from other countries. Prior to this, Pyongyang once stated that it was willing to accept the light-water reactors of either Russia, the United States, or Germany. Which country's light-water reactors are accepted, remains to be seen.

A spokesman for the DPRK Foreign Ministry has stated that his country is greatly interested in which country's design and technology is used, and not in where such reactors are manufactured.

Russian-Turkish Trade Prospects Viewed

MM0906125995 Moscow IZVESTIYA in Russian 9 Jun 95 p 3

[Report by Konstantin Eggert: "Russia and Turkey: Disputes, Weapons, Money"]

[FBIS Translated Text] Ankara-Istanbul-Moscow — "Chechenistan" — "Chechnya" — everyone in Turkey knows that word. The war in the North Caucasus has not added to Russia's supporters among the Turks.

"The Chechen diaspora in Istanbul numbers tens of thousands of people who are exclusively pro-Dudayev," says Leonid Manzhosin, the Russian consul general in Istanbul. "They are very active: leaflets, pickets, hunger strikes." The main force supporting the Chechens is the opposition Welfare Party — the main organization of Muslim fundamentalists in Turkey. "Jihad to the complete victory of Islam in Chechnya" — that is their slogan. Using the fact that there is a large and influential community of people from the North Caucasus in the country (they are collectively called the "Cherkassians"), the Islamists have launched a collection of funds for Chechnya which, according to Western journalists' reports, is proceeding very successfully.

Nonetheless, Dzhokhar Dudayev is frankly displeased with Turkey's official position. Ankara has not aggravated its relations with Moscow over the Chechen war, merely expressing through a Foreign Ministry spokesman the wish that the conflict be resolved by political methods. It is simplest of all to explain this by a tacit mutual agreement: "You have problems with the Chechens, in our country the regions inhabited by the Kurds are unsettled. Let's not create additional difficulties for each other."

The Russian diplomats in unofficial conversation frankly confirm that "that is the case" while Turkish officials are more cautious. In March Turkey sent its troops into Northern Iraq to hunt down gunmen of the Kurdish Workers' Party, causing a storm of anger in Egypt. Moscow's reaction was closer to the position taken by Washington, which in fact supported Ankara's military action.

"We should distinguish the Kurdish people from the Kurdish Workers' Party, which finances its struggle by drug smuggling," a high-ranking Russian Embassy staffer says. According to him Moscow welcomes with sympathy the idea of improving living conditions in Turkey's Southeastern regions, where most Kurds live. There are plans to create a special agricultural zone there where it would be possible to gather three or four harvests of fruit a year and export them to the Persian Gulf countries.

In the early nineties talk of Russian-Turkish rivalry in the Caucasus and Central Asia were a commonplace for journalists and scholars. Today the atmosphere of bilateral relations has grown markedly warmer.

Of course, differences remain. Ankara is dissatisfied with our military's statements about the need to review the Vienna agreements on conventional arms in Europe and the reinforcement of the Russian Army's Southern flank because of the unstable situation in the Caucasus. In turn Moscow categorically disagrees with Turkey's decision to introduce restrictions on the passage of ships through the Bosphorus. The route of the proposed pipeline designed to unite the oilfields of the international consortium on the Caspian Sea shelf with consumers in the West is also a subject of rivalry.

But against the background of these disputes there also emerged reasons for smoothing over the differences. The main one is the growing fuel and economic cooperation. A couple of years ago it was mentioned mainly in the subjunctive mood — there were said "to be prospects." Today it maybe said that some of these prospects have already been realized.

"Whenever tension arises between two countries, the desire to retain prospects for trade, tourism, and investments prevails over emotions among the Turkish elite," Amberin Zaman [name as transliterated], Ankara correspondent of the British newspaper THE DAILY TELEGRAPH, believes. Last year official trade turnover alone was $2.2 billion. Experts at the Turkish Foreign Ministry believe a further $4-5 billion should be added in "shuttle" turnover which no one has calculated. At Istanbul airport a special terminal has been introduced for chartered flights from Russia. Our tourists rank third after the Germans and Israelis in terms of numbers.

Turkey is becoming a serious investor for our country: According to the estimates of specialists at Bilkent [name as transliterated] University in Ankara, Turkish capital investments in Russia rank second after U.S. investments in terms of volume. "Construction companies from Turkey alone have concluded contracts worth $5.5 billion with us," Leonid Manzhosin notes. "Unfortunately, Russian companies' investments here do not exceed $5 million."

Military-technical cooperation is becoming the latest element in bilateral relations. So far the Turkish Ministry of the Interior and gendarmerie remain recipients of our weapons. Kalashnikov assault rifles, sniper's rifles, and a consignment of BTR-80 armored personnel carriers have already been bought. Talks are under way on the sale of Mi-8 and Mi-17 helicopter. This has angered Americans from the Sikorsky firm who are operating actively on the Turkish market. Incidentally, arms deliveries from the United States are being made with the $450 million which Congress earmarked to Ankara this year while weapons from Russia are being bought for cash.

According to information from diplomatic sources the Turks are interested in acquiring Russian surface ships. Purchases of heavy weapons and aircraft are not ruled out. Indeed, according to our interlocutors, Athens and Nicosia are also conducting talks on the possibility of military deliveries from Russia.

In the past 12-18 months experts have argued a lot about Turkey's prospects. There were fears generated by inflation (150 percent in 1994), the privatization that is proceeding with difficulty, and the growth in the popularity of the Islamic fundamentalists who last year were able to make their candidates mayors of a number of major cities, including Istanbul.

Today these alarms have somewhat abated. Despite the unpopular "stringent economy" plan adopted last year by Prime Minister Tansu Ciller's government, the social situation remains stable enough. Turkey is punctually paying the $6-7 billion a year in interest on its $60 billion loan, which leaves the IMF's doors open to it. The fundamentalists' influence is showing a number of signs of declining.

Turkey with its population of 65 million remains one of the most promising world markets. That will determine the attitude of the outside world toward it as will the Turks' attitude toward their neighbors — and not just them.

Political Issues

Conciliatory Commission Drafts Compromise Election Bill

LD0806172395 Moscow INTERFAX in English 1559 GMT 8 Jun 95

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — The conciliatory commission set up to revise the electoral bill has drafted a version of the bill acceptable to the State Duma, Federation Council and Russian president's representatives, Georgiy Satarov, a presidential aide, has told journalists.

He said that the bill maintains the 1:1 ratio of MPs elected in constituencies to those elected on party lists. However, a maximum of 10 percent of the party ticket will become a federal list, the remainder of the party ticket representing the country's regions.

Satarov also said that the elections would be held in one round rather than two, as proposed by the president.

He thinks that the State Duma will debate the bill as early as Friday.

Further on Compromise Election Law

LD0806213395 Moscow INTERFAX in English 1952 GMT 8 Jun 95

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — The reconciliatory commission working on the law on elections to the State Duma, previously vetoed by the Russian president, managed today to find compromise solutions to nearly all the disputed problems, Chairman of the State Duma Committee on Legislation

Vladimir Isakov told journalists after the commission's work was over that the Federation Council's representatives had agreed not to break the State Duma's structure and preserve the 225:225 proportion of MPs elected from party lists and those from single-mandate constituencies. Instead the procedure for forming lists of blocs and parties will be amended.

Notably, the list of parties will include a "central" federal section which will not depend on particular regions, a section of 12 people whom Isakov called "the party's political bureau." The rest of the candidates must run for the elections in a region.

Candidates who run for the elections both on a party list and in a single-mandate constituency at the same time must collect at least 5,000 signatures in their support. However, all signatures collected by a candidate will be considered as signatures in support of the party list (200,000 signatures are required).

The reconciliatory commission changed the wording of provision 44 of the law. This earlier said that candidates who are state employees or media workers must resign for the period of the election campaign. Isakov said that the new law "only prohibits them from abusing office."

Isakov said the reconciliatory commission had managed to convince the Russian president's advisor, Georgiy Satarov, that "within the context of the present situation the two-round election system cannot be used and that raising the turnout to 50 percent to consider elections valid might just wreck the elections."

However, Satarov refused on the behalf of the Russian president to accept that the turnout to consider presidential elections valid be lowered to 25 percent.

Federation Council member Yelena Mizulina said that, according to Satarov, the president "is categorically against reducing the turnout to consider presidential elections valid."

Mizulina said the Federation Council, parliament's upper chamber, was "likely to back the law as it is now." She said the Federation Council's Chairman Vladimir Shumeyko had agreed that the equal proportion of deputies elected from party lists and those from single-mandate constituencies with the limitations in favor of regions "is acceptable to the Federation Council."

The State Duma Council decided today that the issue of the amended law on elections to the State Duma would top the agenda of the lower chamber's session on June 9.

'Russia's Regions' Elects Rybkin Chairman

LD0806110395 Moscow INTERFAX in English 0919 GMT 8 Jun 95

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — On Thursday State Duma Chairman Ivan Rybkin was unanimously elected chairman of the public Russia's Regions association. This decision was adopted at the Second All-Russian Conference of the association in Moscow. Our INTERFAX correspondent reports that on the basis of this association a center-left bloc is to be formed.

Former chairman of the Russia's Regions association Vladimir Medvedev, leader of the State Duma New Regional Policy faction, declared Thursday that on June 7 the congress of Union of Oil and Gas Industrialists, also headed by himself, passed a decision to join the center-right election bloc headed by Viktor Chernomyrdin. "As the president, I bow to the Union's charter," Medvedev underlined. He addressed the congress with a request to release him of the functions of chairman of the Russia's Regions association following which the conference satisfied his request.

Medvedev reported that the association's executive committee proposes to elect State Duma Chairman Ivan Rybkin its chairman and to form the future center-left election bloc on the basis of the Russia's Regions association.

Addressing the conference, Ivan Rybkin underlined that "the Russian government needs a reasonable opponent." At the same time he did not rule out the possibility of interaction between the right and left centers.

Rybkin stressed the need to ensure the "continuity of transformations now that Russia has turned the corner from the past."

Rybkin sees the major task of the future center-left association in ensuring special protection for "unfortunate people" in light of the income-level gap ratio reaching 1 to 16-17 this May, up from 1 to 15 in April, he said.

Rybkin reported that the center-left association can rely on support of "about 25 of Russia's significant parties and movements."

A total of 57 delegates from 53 regional organizations under the Russia's Regions public association attended the conference.

'Regions' May Ally With Agrarians

LD0806211795 Moscow INTERFAX in English 1952 GMT 08 Jun 95

[FBIS Transcribed Text] MOSCOW, June 8 (INTERFAX) — Ivan Rybkin, the State Duma chairman, believes that the Russia's Regions movement, of which he has been elected chairman Thursday, "can join a broad movement on the basis of the Agrarian Party."

He told journalists this at the end of a meeting of the party's ruling body, of which he is a member. The meeting was held in private and lasted over four hours. It discussed the party's electoral platform.

Rybkin believed that no left-and-center bloc is possible without the Agrarian Party.

He was quite satisfied with the results of the meeting.

Party leader Mikhail Lapshin told journalists that the party will be backed in the elections by a wide range of organizations such as agricultural trade unions, consumer cooperatives, public health workers' and chemical industry workers' unions and the Cossack League.

Lapshin emphasized that the party welcomes all sensible left-wing and centrist organizations which share a balanced moderate patriotic platform to join it in order to form a joint federal list in the legislative elections.

CPRF Chairman Zyuganov Interviewed

954Q0186A Moscow SOVETSKAYA ROSSIYA in Russian 18 May 95 pp 1-2

[Interview with Gennadiy Zyuganov, chairman of the Communist Party of the Russian Federation Central Committee, by SOVETSKAYA ROSSIYA Chief Editor Valentin Chikin; place and date not given: "We Will Follow in the Footsteps of the Winners"]

[FBIS Translated Excerpts] [Chikin] The anniversary time is fading away. Our hero-soldiers have departed for home, but, judging by our mail, I see that people are continuing to live by these events. Of course, this is a holiday that not only has tearful eyes but also anxiety of the soul, a multitude of questions in one's thoughts....

[Zyuganov] I took part in many activities linked with the 50th anniversary of the victory. [passage omitted]

[Chikin] When, at this time, I listened to the official speeches—Yeltsin alone made four that were devoted to these celebrations—I was constantly under the impression that I was listening to touring visitors who were speaking in diplomatic language and who were reluctant to look life in the eye. I had a sense of trappings, verbal merely....

[Zyuganov] No, the destructive regime cannot get by without trappings. The situation in the country is, to be honest, extremely dire. Science has the notion of limits to a decline, beyond which a country sinks into general devastation and the collapse of all life's foundations. Russia has essentially driven through a red light in all the key directions. It is known that if the decline in production approaches 30 percent, the economy is considered ravaged. Production with us in mechanical engineering constitutes 60 percent, and in light industry, 70 percent, and production as a whole has fallen twofold, and if we take individual indicators, the manufacture of cranes, for example, it constitutes 6 percent of 1990; tractors, 12 percent; machine tools with numerical programmable control, 3 percent; machining centers, 4 percent; drilling pipes, 5 percent.... That is, if tomorrow you want to work, there will be nothing for you to work either with or on.

Let us take food. There is total dependence here on foreign supplies. Moscow is, in fact, already being fed 60-70 percent from a foreign spoon. And were someone to conceive a desire to close off this channel, the 10 million-strong city would simply starve. If we take investments, they constituted only 32 percent of 1990, and in mechanical engineering, light industry, construction industry, and agriculture, 10-15 percent. The country is being deprived of the possibilities of elementary development.

Take research—there is altogether a total catastrophe here. It is known that if less than 2 percent of national income is spent on research, a country has no future. With us this indicator in the past year constituted only 0.32 percent. In Israel, for example, it constitutes 3.5 percent; in Japan, 3 percent; in the United States, 2.7 percent. Productivity has declined 38 percent. So it is not labor that now constitutes the basis of life, but theft and profiteering, and the mass corruption of the citizens. Unemployment, according to the regime's official statistics, has approached 13 percent, but is in fact, with hidden unemployment, almost 20 percent, whereas 8-10 percent is considered critical—overstepping this boundary is virtually prohibited. Demography: The country is becoming extinct; in the last year alone we lost an entire three cities with a population of 300,000 persons each, who have disappeared forever. Life is becoming completely criminalized, and 6,000-6,500 crimes have already been recorded per 100,000 citizens, which Russia has not seen in all its born days. Psychiatric hospitals handled almost 4 million persons last year. As far as alcohol is concerned, this is utter insanity—this is now the cheapest food in the country. The degeneration of a nation begins with an alcohol consumption of eight liters per person per year; with us consumption last year constituted 14-16 liters.... Other horrifying figures could be cited, but not one was mentioned at a single official event. For the cause of all this downfall is the reform policy of our criminal radicals in power.

[Chikin] How are these statistical nightmares reflected in real life, to speak about the impressions of your recent trips?

[Zyuganov] There was a time when it used to be a pleasure for me to travel around the Golden Ring around Moscow and rest my soul among the magnificent monuments to Russian culture and in the cities of our glory; now I have to spend more and more time in the heartland, where people have it hardest and where pain, tears, and blood are flowing in rivers. My last trip was called Operation Border. Murmansk, Leningrad, Kaliningrad, the North Caucasus, Tajikistan. I was also in the Kuzbass, Kazan, Ufa, Ulyanovsk, and Volgograd, at Prokhorovskoye Field.... This is the geography of my travel of recent weeks. I would like to say that wherever you are— in the south or in the north—the troubles and pains are roughly identical. It is merely that they take a different form.

I satisfied myself that we have no border. Our state lacks an elementary border. These new sovereigns, lacking, essentially, real outline, have today become a through passageway. Drugs and weapons are being brought in from the south, and contraband flows in an endless stream. One thing after another is being taken out across the Western borders. Our newly acquired friends are behaving outrageously on the northern borders—their submarines are plying the waters, and fish resources are being extracted. Our enormous fleet (there are 700 ships of the trawler fleet in the Murmansk Shipping Company alone) is mainly serving foreign interests; there is not even fish in Murmansk stores, a major fish works—7,000 employees—is essentially standing idle.... This is a typical picture.

At the same time, what I found heartening was that almost everywhere people want to unite to put a stop to this collapse, plunder, and destruction and to make a decent life. There is a healthy mood among our soldiers, sailors, border guards, officers— all those who see to what the reforms have brought us. I confess, I was moved by the statement of the commander of a border post, at which, 15 minutes later, fearful fighting erupted; he, a native of Western Ukraine, said: I am defending the border of the USSR and will stay here until the end. Were we to open this gate, all the filth and all the turmoil would swamp the heartland of our territory, and things would be very bad everywhere—in the Southern Urals, in the Kuzbass, in Krasnoyarsk, in Novosibirsk.... These boys on the border understand clearly how it all is....

There is big trouble in Tajikistan. But let us recall how all this was set in motion, how the republic was reduced to its death-throes, let us recall how the Moscow democrats showed up there, how they organized many months of public meetings, how they stirred up the aggressive fundamentalist forces of Islam and fanned the conflagration.... Some 100,000 of our fellow citizens have been killed in one republic, 150,000 homes have been torched, out of a population of 5.5 million, 1 million refugees.... With similar handwriting, hysteria was inflamed in the same way in Chechnya, carnage was prepared in Groznyy. The central authorities have not lifted a finger to save our home. And now they have begun to sing about "Our Home...."

And see what is being done on the northern doorsteps of our home. Whole plants are being sold to figureheads. The moorings of the fishing port are being sold in order for raw material to be taken out of Russia, not for fish to be brought there to feed the people. Our trawler fleet is being used to catch and sell cod—this magnificent food—in all Norwegian cities, and in Murmansk itself the ordinary citizen cannot buy a kilo of cod. According to official Norwegian statistics alone, they obtained last year from Russian cod $115 of net income. This robbery continues everywhere. One thing after another is being taken across the western border in Kaliningrad....

It is now proposed to equip the borders of the Russian Federation—they are no less than the borders of the Soviet Union— and to equip one meter costs 2 million rubles. You would be equipping them for 20 years— you would bring the whole country to ruin.

[Chikin] Three borders need to be built now, essentially: two internal and one external, Union.

[Zyuganov] We saw there how deputies of all factions had reached the common conclusion that the question of defense of our borders and all the present sovereignties needs to be raised; this is a key and most important question. The external border has been preserved almost everywhere, excluding the segment between Azerbaijan and Iran, and it could be restored. We need to ensure reliable protection, lest the country become a barrel of holes from which everything of value is swept out and into which all the filth is thrown. This is also supported by those who live there, what is more: The military, border guards, the local administration—all understand full well how this will end. I am firmly convinced that the time has come to take a very serious step in the restoration of the borders of the Soviet Union and a reinforcement of the further integration of all relations. The public mood and pressure from below are so strong that even those who yesterday were participating in the demolition of the country and preparing criminal edicts and orders will be forced to reckon with them.

[Chikin] Since we have begun to talk about our security, now is the time to inquire how the "lunch with Clinton" before his departure from Moscow went—Gaydar sniggered very nastily at the "tone of the communists"....

[Zyuganov] Gaydar, evidently, does not differentiate between the mass-meeting form and negotiations; policy should be analyzed.... This was, essentially, not an amicable luncheon, but a political dialogue, at which everyone spoke in the course of the two hours. The democrats—Gaydar, Yavlinskiy, Lakhova, Fedorov— were seated in a line, like assistants of the Big Boss; we, Lapshin, Glazyev, Zyuganov, Stroyev, Nozhikov, Aushev, opposite. As soon as the opposition began to express its opinions, Clinton picked up a pen and began to record the opinions and evaluations in detail. Ours, in my view, were objective and quite tough. I said plainly that we are now at a fork of three roads: Either we turn the whole country into a big Chechnya or we become a criminal-felonious state or with the aid of elections we bring to power responsible and worthy politicians who will offer a policy acceptable to the people expressing our country's national interests. The main thing is that these elections be held on time and according to the law and that they be fair. Clinton reacted immediately, incidentally, and said that Yeltsin had during his meeting guaranteed that elections would necessarily take place. But our president is the master of his word: As he has given, so shall he take back.... I said bluntly: There always has been and will continue to be in Russia a party of the left expressing the interests of the working people. In a country where there are now millions of unemployed, where one out of every three is half-starved or cannot provide himself with footwear and clothing, and where there are 6 million refugees, there will never be tranquillity and harmony if the policy of the present regime is pursued. We express the interests of the working majority. Lapshin spoke realistically and resolutely on the peasant question and showed the calamitous state that the peasantry is in. Glazyev concentrated on a description of economic problems and was, as always, precise and competent. The oblast leaders described how survival programs are being put together and criticized the center. Aushev spoke in detail about the Chechen tragedy.... So I do not see what there is to snigger about here. Of course, we all expressed gratitude to the guests for having come to a country commemorating the 50th anniversary of the victory and having paid a tribute of respect to the exploit of the Soviet soldier and our Soviet Union, which was entirely appropriate and natural.

There was also talk about the fact that the International Monetary Fund is attempting to dictate economic terms to us and that this was connected with the interests of the U.S. Administration, which Clinton immediately attempted to deny. Questions connected with the enlargement of NATO, which affects our country's security interests, were discussed also. This century alone, our country has fought three wars and should have serious guarantees of peace, not be listening to saber-rattling at its borders. It was said clearly that the attempts to resolve the problems in the Balkans militarily had failed. It is necessary to formulate new mechanisms of security that do not divide the world into blocs and do not counterpose countries to one another. I have the impression that the U.S. Administration will ponder much of what was said.

[Chikin] It seemed to me that a year or two back, American advisers were recommending that the Yeltsin regime rent a whole number of patriotic slogans and positions; now Clinton, speaking at Moscow State University, is trying to intimidate our youth with our patriots.

[Zyuganov] The United States is an enormous country, very influential and very strong. But I would like to mention, and these are not only my observations, our civilizations are entirely different, and were their blood to be poured into our veins, this would, I fear, be lethal for Russia. I continually want to explain to them: You cannot destabilize a huge country, you cannot impose your values and ideas on others; impose on us these vulgar movies, this consumer mentality, these endless commercials, which evoke irritation in all homes.... You are thereby fostering anti-Americanism in us. Even at the times of aggravations of the Cold War, there was no anti-American mood in our country. In boundlessly supporting first the blotched new thinker, Gorbachev and now this policy of Yeltsin's, you are thereby inculcating anti-Americanism. We have an interest in living in peace with America, having mutually beneficial relations, resolving many problems of a bilateral and global nature, and acting in the interests of all peoples of the planet.

[Chikin] We have begun to speak about elections. Even before Clinton's arrival, and before Yeltsin gave him assurances that the elections would be held, we were already aware of a swelling on the part of the regime—the plan for the creation of two presidential blocs had come to be realized. The Chernomyrdin bloc has already matured. It is Rybkin's turn.... I would like to hear an assessment of these events....

[Zyuganov] When I learned that the bloc was called Russia—Our Home, I thought: Nothing embarrasses the burglars and stability- mongers. Who steals everything from his own home and spends it all on drink, who in his own home fails to care for the old people and children, who leaves his own home without windows, without doors, squandering absolutely everything?... What kind of home is it where there is no room for gifted scientists and outstanding men of letters? What kind of home is it in which one and the same crowd on television is continually strumming away, taunting and abusing everything Soviet and Russian?

Let us ask: What do we need a representative authority for? For just one purpose: so that the electorate, having nominated from among itself the worthiest, most respected and honest, and best-prepared people, might form representative bodies in the rayon, city, oblast, and republic, give them its resources, taxes on enterprises and families, that is, and issue them a mandate: You must do such and such. And that the deputies might distribute them fairly—this to the southerners, this to the northerners, this to the peasants, this to the miners, this to the teachers, this to the doctors, this to the students, this to the old people—and give this money to the executive and watch day and night to ensure that they carry out everything fairly, as the electorate wishes. The Yeltsinites and Chernomyrdinites are canceling out the entire system of representative power. Having found themselves totally unchecked, they are attempting to seize and harness the entire political process. They are utterly bankrupt, they have wrecked the country, and they are creating a chiefdom party. They are all in power, after all. What are you moaning for, Viktor Stepanovich, do what needs to be done, you hold the country's main levers, get on with it, who is preventing you?! He shouted: Let us work—so, work! They are now seeing that nothing is coming of the work and have decided to paralyze the political process. In addition, the creation of such a bloc will conclusively split the whole country: into the chiefs and the people. And this split will reach down to the least village, where the individual, seeing the utter turmoil, this mafia situation, this thievery, this humiliation, this plunder, this indigence, will begin to actively resist.

These chiefdom parties will introduce utter turmoil to all political processes. They are themselves essentially destroying stability and shouting about stability. I do not rule out the possibility now of a very harsh reaction in various political organizations and structures from the viewpoint of trust in such a government. You want to become involved in political struggle—leave your ministerial offices, form a bloc, offer a program. And let others manage the economy.

As far as Rybkin's bloc is concerned, it seems to me that Ivan Petrovich's indecisiveness will undermine it. Instead of clearly and precisely stating his position, he is continuing to play the part of someone essentially introducing a split in the movement of the left. I have discussed this problem with him and with Lapshin and with others. The Agrarian Party is preserving its independence. Consequently, Rybkin is having to seek some other base just to the left of center in order to fulfill Boris Nikolayevich's instructions.... But it should be borne in mind that in this center, where they are all attempting to ensconce themselves, very few voters remain: Some have gone to the right flank, having become fabulously wealthy—these constitute several percent—others, those who have been robbed, humiliated, and left unemployed—have gone to the left flank. They do not want even to look at the experience of the Civic Union of Rutskoy and Volskiy, who are also attempting to ensconce themselves in the center, but who failed to obtain 5 percent even in the course of the last elections.

[Chikin] The main line of conduct of the Communist Party in the present situation?

[Zyuganov] The picture has cleared. All have laid out their trump cards, and the power party has gone for broke. It is attempting to test its possibilities. If everything succeeds, they have a realistic presidential candidate—this has to be clear to Boris Nikolayevich and Luzhkov and Yavlinskiy and Zhirinovskiy. On the other hand, if they lose big-time, it is highly doubtful that there will be presidential elections.... A model of, perhaps, early elections is being worked up simultaneously on the strength of all parties tiring over the six months up to the elections in December in an exhausting race. Early elections, in March or April, say, could then be announced, and the president's army would find itself in a more favorable position.

At the same time, we look to the future quite confidently. The social base of this regime has been reduced to the minimum. The main contradiction is between the regime and practically the whole of the rest of society, including national capital, which is also today on the brink of collapse. This is enabling us to conduct consultations more thoroughly with all who might unite their efforts.

We are for the immediate future setting of a number of practical assignments, which it is essential that we accomplish. First of all, conducting a hearing in the State Duma on the problems of stable development, which is the core of our program adopted at the third congress. We are preparing an all-Russia student forum—it will be held on 20 May—to which we are inviting youth from various higher educational institutions in order to discuss problems connected with their life and to present demands to the legislators. There will be a congress of the cultural heritage on 10 June, at which the artistic and engineering intelligentsia will combine their efforts with the Communist Party of the Russian Federation for the achievement of national interests and the support of the national elite. A council of patriots of the Urals will be held 15-16 June in Chelyabinsk. At the end of June we will conduct a plenum of the Central Committee, at which we will discuss all questions of the upcoming elections and their techniques and procedure of preparation and work up a whole set of measures in order that in the summer period our organizations might be completely clear about all key positions. A congress of the Union of Communist Parties, at which we will together with our allies and friends formulate a common action program, primarily for the restoration of the Soviet union state and the coordination of our efforts in regard to observance of the rights of the citizens and assurance of their safety, will assemble in July.

Problems of work in the industrial outfits and subscriptions to the patriotic press, to SOVETSKAYA ROSSIYA, which, together with PRAVDA, prints PRAVDA ROSSII, are very important for us. I would like to request of the communists a maximum stimulation of the subscription campaign.

[Chikin] It is noticeable that the formation of the Chernomyrdin bloc has in recent days greatly consolidated the political groupings in the Duma. Demands for a government accounting both in respect to utilization of the budget and to current work have been heard more loudly. If in the immediate future the question of confidence in the government suddenly arises, what will the Communist Party's line of conduct be?

[Zyuganov] We do not support either this policy of the government or this government or this budget or this policy or this constitution. Our evaluation of the antipopular regime has been borne out completely. If the question of no confidence in the government is raised, I am for us formulating clearly and precisely what we will do and then whom we will defend in what order of priority and how. The absolutely consolidated position of many groups of deputies and factions is needed. These consultations are now moving ahead, and I am sure that policy will be more rigorous and more definite in the majority of factions. The recent vote on the law on elections to the Duma confirmed this.

Who is supporting the government, who has left for the stability group? Once again those same turncoats, once again those same people who betrayed Soviet power and their constituents, their collectives. Once again the same roaming around, and they are, in addition, speaking about some stability. Can there be any question of stability if you yourself do not know your political views and beliefs, if you are not clear about your own political views?!

[Chikin] A good day's election work was done last Sunday. Good news from Kolomna. The firm Belarusian "yes" was heard....

[Zyuganov] I congratulated German Stepanovich on his convincing victory and thanked the communist campaigners, including the group of Duma members, which operated splendidly in the district. And life once again confirms that were the opposition to build up all efforts around a single candidate, it would, generally, obtain more than half the vote of the electorate.

And we need have had no doubt about the Belarusians. I have been all over Belarus—I served there as a young man, and my Orel region and Brest Oblast are close neighbors—it is a land of smart, honest, industrious people. It sustained appalling losses in the war and with fraternal assistance and selfless labor it arose like the phoenix from the ashes. In the final period of Soviet power the republic was the country's best assembly shop, superior equipment— refrigerators, television receivers, BelAZ, computers—was made.... They had just about overtaken the Baltic in living standard and quality of life. Of course, they are suffering and living in greater poverty than others because of the disintegration of the Union. They see themselves as the steady brother in the family—such firm "yes's," therefore, to the Russian language, to economic integration, to the former symbols, to strong authorities, however the local democrats puffed themselves up.... And in Russia and in Ukraine also the people would display just as much good sense—were they only allowed to have their say. We collected more than 3 million signatures for the dismissal of the president—no notice is being taken. They are sitting in the Kremlin and wondering: What are we to do with Ukraine? What will happen to the Black Sea Fleet?... Act as the people command, do not conspire in dense forests! I said at a public meeting on the ninth: We need to expel the liars from Ostankino and the Vlasovites from the Kremlin. Let the people's right and the law triumph! Were there to be in the Kremlin authorities that sincerely wanted to reach out primarily to the fraternal Slav peoples, Ukrainians and Belarusians, many problems would be resolved of their own accord. And the Belarusians are fine fellows: They are cleaning up the Belovezha tracks, they are the first to make a start.

New Party To Push for Reduced Taxes

MK0806110095 Moscow SEGODNYA in Russian 8 Jun 95 p 2

[Report by Viktor Khamrayev under the "Middle-Sizers" rubric: "Medium-Sized and Small Businesses Have United To Reduce Taxes. Big Business and the State Authorities Have Been Declared 'Siamese Twins'"]

[FBIS Translated Text] The idea of the "complete elimination of labor and capital taxes" has been chosen as the utmost goal of a new Russia-wide political organization registered by the Russian Federation Justice Ministry under the name of the "Party of Tax Reduction Proponents" (PTRP). In the opinion of the new party's members, the entire tax burden should be transferred to "land and nature rent."

True, as it turned out at the party leadership's meeting yesterday with Moscow press representatives, the ultimate goal reflects the sentiments of the PTRP's radical members. As for moderate "tax reduction proponents" (being, for the most part, medium- and small-scale entrepreneurs), they are for the idea of "creating a civilized, sensible, and efficient tax system" by means of fighting "against the current unreasonable and predatory system."

According to party Chairman Valentin Deryugin (a social scientist, economist, and, quite recently, a businessman), the tax problem in this country has evolved from an economic into a political one. Under the existing system, the only business that can survive is "big business," which has learned how to "get on well with the authorities," receiving from them "tax vacations" and other privileges allowing them "fool around about nonpayments." In this connection, the PTRP leader told journalists that "big business and the authorities are Siamese twins." As for small- and medium-scale business, in Mr. Deryugin's opinion, by paying income taxes amounting to 90 to 100 percent, it is doomed to extinction — similarly as at the time of the "elimination of the New Economic Policy [in the late 1920's]."

In addition, as Mr. Deryugin believes, the authorities, having announced the forthcoming tax reform, "intend to procure additional funds at the expense of people's pockets," since they have already "squeezed everything they could" out of entrepreneurs.

For that reason, tax reduction proponents are going to submit their own party slates for parliamentary elections, so that they could try to ensure, via the State Duma, that, first, the already adopted laws on taxation are strictly observed; and, second, that laws are changed in order to "alleviate the burden." As said at the press conference, there are facts in world history suggesting that a similar party could win some 16 to 20 percent of seats in the parliament.

FAPSI's Communications Security Work Praised

MM0806092795 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 8 Jun 95 p 8

[Article by Sergey Ptichkin: "Top Secret. Unique Technical Developments by FAPSI Specialists"]

[FBIS Translated Text] In mid-May Moscow hosted the international "Svyaz-Expocomm-95" exhibition which displayed, perhaps for the first time ever on such a broad and open basis, the potential of the Federal Government Communications and Information Agency under the Russian Federation president [FAPSI] as regards the security of information networks.

World practice shows that highly developed information-telecommunications systems [ITS], being the carriers of confidential state, commercial, and personal information, are becoming attractive targets of attempts to gain unauthorized access to secret information.

Even a new variety of criminals has emerged — the so-called hackers who specialize in professionally cracking other people's computer networks. The United States has a vast record of cases involving unauthorized penetration of secret data banks not only in private and public ITS but also in specially protected state networks used by NASA, the CIA, the FBI, the Department of Defense, and other important departments and organizations. This penetration results not only in the leakage of secret information but also in the infection of computer networks with viruses and the disruption of operations in vast telecommunications networks.

Virtually all technically advanced countries in the world are losing tens of billions of dollars each year through the inadequate security of their ITS. So far we have been saved only thanks to our backwardness and the underdevelopment of the information and cybernetics sphere. Nonetheless, Russia is the only country which is capable of providing 100-percent security for consumers at the very first stage of the mass introduction of ITS in daily life. The contribution which FAPSI can make to our overall security cannot be overestimated.

There were times when the intelligence services of NATO countries, primarily the United States, exploited their technical potential and tried to penetrate Soviet telecommunications networks by tapping government communications lines. Figuratively speaking, the government communications systems, including their computer hardware, were being subjected to such a powerful "artillery barrage" that the USSR was simply forced to give most serious thought to the reliable protection of its information fields. That marked the beginning of an invisible but most intensive struggle between "shells" and "armor" which, contrary to the norm, was won by the Russian "defense" which raised an impenetrable barrier against the most powerful "information armor piercing shell."

The point was that, although the West's technical potential was great, the Soviet Union Government resorted to truly extraordinary measures to safeguard its interests. It elaborated an entire program to develop information security at all levels, in which cryptography was given priority. No material or financial resources were spared for this purpose, and major intellectual forces — one could say the flower of our country's science represented by mathematicians, physicists, and engineers in different fields — were recruited for this work. Gradually Moscow formed a unique school of cryptography, bringing together the brightest minds in theoretical and applied science. It is perfectly logical that this school should have developed into the Academy of Cryptography — the only one in the world.

Ultimately, the outcome was the only purely objective one. Not only did we build an impenetrable armor of unbreakable codes around all government communications lines and the most important computer networks, but we also developed the technology for building the world's most reliable security systems at all information levels. In the adverse conditions of incessant external pressure, to use the language of enthusiasts, Russia's cybernetic organism developed powerful immune forces to protect its information fields, which can be perfectly well likened to the sharks' immune system which, as is well known, can repel an attack by any infection and any virus.

In his book "The Codebreakers," David Kahn, the West's famous historian of world cryptography, appraised the level of work by our cryptographers by saying that "the Russians have elevated their achievements in cryptography to Earth satellite altitudes."

And yet, in the information security sphere, all the world's leaders in the production of telecommunications and computer systems, whom we traditionally treated as the "sharks of capitalism," have proved to be rather beautiful but tender "aquarium fish" born and bred in hothouse conditions. After all, they did not have to face the question of counteracting Soviet technical intelligence gathering as urgently as we had to face U.S. technical intelligence.

Being honest, and without indulging in self-praise, we can simply state an actual fact: While taking its first steps in the world market of the information cybernetic field, Russia is losing out in many regards, but certainly not as regards the potential for ITS security. The technology for protecting information fields which FAPSI has at its disposal is comparable with the state's gold reserves, our country's cryptography ranks equal with them in ensuring our genuine national independence and security.

The Russian president's edict No. 334 "On Measures To Observe Legality in the Sphere of Developing, Producing, Marketing, and Using Encryption Systems, and in the Provision of Services in the Data Encryption Sphere" was signed 3 April 1995, and its basic provisions are primarily aimed at ensuring the interests of Russian consumers of data protection services.

One can only welcome this decision by Russia's top leadership which has enabled our compatriots who are seriously concerned about the protection of their interests to utilize FAPSI's services.

Trubnikov on Ames Case, Other SVR Issues

954F2492A Moscow ARGUMENTY I FAKTY in Russian Jun 95 No 23, p 3

[Interview with Colonel General Vyacheslav Trubnikov, first deputy director of the Foreign Intelligence Service, by ARGUMENTY I FAKTY correspondent Dmitriy Makarov; place and date not given; under the rubric "Special Service Secrets": "Intelligence: Money or Ideas?"]

[FBIS Translated Text] Normally, the man on this photograph does not wear his military uniform, and neither do his subordinates. They put on their uniforms on rare occasions when they have to pose for a personnel file photo or their ID. You see, Colonel General Vyacheslav Trubnikov is first deputy director of the Foreign Intelligence Service (SVR).

Trubnikov's career is instructive. Son of a metalworker employed at the Ilyushin Design Bureau and a housewife, he enrolled in and graduated with honors from one of the most prestigious national institutions of higher learning—the Institute of International Relations. He speaks Hindu and English. He worked for about 14 years in South Asia.

ARGUMENTY I FAKTY correspondent Dmitriy Makarov interviewed him.

[Makarov] The American intelligence officer Ames was recently convicted of spying for the USSR and Russia. What made Ames work for Soviet intelligence?

[Trubnikov] I am not prepared to acknowledge Ames' affiliation with Soviet or Russian networks in the United States. However, if one is to believe what Ames himself says about his motives in interviews (and there is probably no reason not to believe him), the logic of it will be as follows: In his "main" job in the CIA the area of Ames' specialization was the Soviet Union. And it so happened that he developed a view of our country that was absolutely the opposite of that promoted by official American propaganda. It can happen that meeting real people from the other side destroys the dogmas a person has been raised with, and he begins to reappraise them. Money could play an important role, but it was in a way secondary.

[Makarov] Ames said after his arrest that the ratio of Russian spies in the CIA to American ones in the SVR was one to 10. As is known, four Soviet spies have been arrested in the CIA. Does this mean that there are 40 more American agents "walking around" the restricted territory of your agency as we sit and talk?

[Trubnikov] Ames knew about CIA agents in the SVR, but he could not know about our sources in the CIA, and therefore could not determine the ratio correctly.

[Makarov] Back in his time as KGB chairman, Kryuchkov began to talk about foreign agents of influence in the top echelons of power in the USSR. At the time he could indeed have had such information both from Howard and from the same Ames. What do you think?

[Trubnikov] The spheres of competence of Kryuchkov as USSR KGB chairman and mine as SVR first deputy director differ substantially, because more than just foreign intelligence were subordinated to him; I do not have the information that would confirm his statement.

[Makarov] As a journalist, I have heard on occasion rumors of cases of corruption of high-ranking government bureaucrats and presidential administration staff. What do you do when you receive such information from your sources abroad?

[Trubnikov] Any information regarding domestic problems that we obtain abroad is passed over to the FSB [Federal Security Service]. This is the sphere of competence of Stepashin and his team.

[Makarov] The literature and cinema of the 70 years of Soviet power untiringly told us that foreign agents working for the KGB abroad in most instances worked not so much for money as for socialist ideals. What impact did the disintegration of the USSR have in this respect?

[Trubnikov] There is no question that all our domestic political events of the past few years have had a serious impact on the state of our foreign agent networks. It would be simply stupid to pretend otherwise. We have indeed lost the some of the agent networks—the most productive, by the way—those who worked with us on an ideological basis. These were the people who believed in socialist ideals, in the USSR.

But there is also another part of the agent network, those who think not only in categories of ideological dogmas. Nobody wants to live in a unipolar world; nobody wants the diktat of one country. Everybody wants to see a balanced world. It is these people, who think not in terms of dogmas but of political categories, who approach world problems pragmatically—they have not shrunk back and continue to effectively cooperate with us. We have also retained those, of course, who worked with us out of material considerations.

[Makarov] Are there any other reasons, besides high politics, that prompt, for instance, a high-level government bureaucrat to contact a foreign intelligence service?

[Trubnikov] Of course there are. We call such reasons ethical- psychological. A man could be upset over being unfairly passed over for promotion; he could be envious of his superior. Sometimes a person is under pressure from a whole set of complex ethnical- psychological problems, to which he may suddenly find a solution in a conversation with our officer.

I will tell you one story. We had an agent—a very valuable one— in a certain country. At first we worked with him utilizing a simple scheme. Our officer regularly visited him at home. They sat down, and talked about life; the agent passed information, valuable documents. Everything went fine. Then, after we moved the operation to dead drops and our contact with this agent became sporadic, his cooperation began to fade. At first we could not figure out what had happened. Then, when we began to make inquiries, he said: "Your money was not that important to me—what was important was the opportunity to pour out my soul."

[Makarov] I think that our people occasionally also revised the dogmas when they first got to the West. When you were analyzing the Ames case, however, did you not think that the FBI was simply putting a good face on the matter? Ames was betrayed by someone in Moscow, but the FBI is telling the world how it heroically uncovered the "unearned" income he received from the KGB.

[Trubnikov] I will never ever believe a version presented by counterintelligence to the public. And the more actively one particular version is promoted, the less I believe in it.

[Makarov] Does what you said mean that you agree that Ames was betrayed in Moscow?

[Trubnikov] At least theoretically, this version is worth looking into.

[Makarov] To the best of my knowledge, after Ames' arrest not a single American agent was caught in your agency, and a previously exposed intelligence officer convicted of working for the CIA was amnestied in 1992 and permitted to move to the United States. Perhaps as a return gesture the CIA stopped recruiting agents in the SVR?

[Trubnikov] You are probably talking about Yuzhin. The SVR had nothing to do, however, with either his amnesty or the permission to go to his masters. As for the CIA, they undoubtedly have not changed their goal—to acquire agents in the SVR and the Main Intelligence Directorate [GRU] of the General Staff. We have no illusions in this respect. I will tell you honestly—it has become much easier now for foreign intelligence services to work in our country. There are continuous attempts to recruit SVR personnel, mainly abroad. But we take the problem of our own security seriously and occasionally turn foreign agents' attempts to recruit SVR personnel to serve our interests.

[Makarov] One gets the impression that we have practically no areas left that are closed to the penetration of foreign special services. The country has plunged into an atmosphere of wholesale venality.

[Trubnikov] Unfortunately, I have to agree with you, with the exception of perhaps the last part of your remark. There is no all- out venality, although there is indeed a certain group of people, who do not think in categories of statehood, categories of motherland, and are willing to surrender any secret—including that which is not theirs—in exchange for greenbacks. In this respect, our FSB colleagues have an extensive field to apply their efforts to.

[Makarov] I am afraid that in their current condition and with their current leadership they will be unable to cover this field. As far as I know, many aces have been kicked out of counterintelligence; others left on their own. And finally, what can one expect of counterintelligence when its leadership is constantly being replaced? And on top of that, nonspecialists are appointed to lead it.

[Trubnikov] For a special service head, knowledge of operational matters is not the key issue. The main trait he has to possess is correct political intuition of what his subordinates should be doing. The life experience, academic and managerial knowledge, and finally, practical experience of this man give him a moral and legal right to direct generals and officers, and direct them professionally and competently.

[Makarov] When you talk about Stepashin, do you also have in mind your own boss—SVR Director Academician Primakov, who before 1990 had never worked in intelligence?

[Trubnikov] Of course. Yevgeniy Maksimovich had always worked in only one sphere of activities—international relations. When he was a PRAVDA correspondent in Cairo, when he was in academia, and when he was Politburo member or chairman of a Supreme Soviet chamber. And therefore, with his arrival intelligence improved considerably from the standpoint of information-analytical output. As to operational detail—this is a job for the people who work with him.

[Makarov] What has changed in intelligence since the disintegration of the USSR?

[Trubnikov] In principle, the role of intelligence in the business of protecting national security has not changed. What has changed is society, and the country with it, and hence, changes in intelligence inevitably had to occur.

Let us start with such an item, insignificant at first glance, as the name. It used to be First Chief Directorate of the USSR Committee for State Security. Then it became the Foreign Intelligence Service of the Russian Federation. In other words, we became a separate service. Second. It is not secret that the KGB, including foreign intelligence, was called the armed hand of the CPSU Central Committee. More than 99 percent of our personnel were party members. Now we are depoliticized and serve not a party but the authorities—all three branches, regardless of which party is at the helm. The only thing that matters is that the party came to power in a legitimate, democratic way.

[Makarov] Have many of your officers not remained communists deep in their heart?

[Trubnikov] Well, you know, this is like freedom of conscience—it is not forbidden. But it has no influence on how we work and our loyalty to the democratically elected authorities. We live and work on the basis of the law on foreign intelligence. That is, from an organization operating on the basis of administrative acts, the SVR has become an organization whose rights and responsibilities are codified in the law. By issuing this law, society has put us under its protection. But also at the same time under its control.

[Makarov] There is a viewpoint that America and NATO as a whole are no longer Russia's enemies, and all our friends and enemies are now concentrated within the boundaries of the former USSR.

[Trubnikov] The problem of dividing people into friends and foes is a process that is taking place mostly in the mass media, and is being inspired by the certain part of those whom we call the new elites, for the sake of strictly personal ambitions and goals. This, however, does not reflect the opinion of the overwhelming majority of the population of the new states. None of the republics represents a military-political threat to Russia. Worsening relations with any particular republic is, in my opinion, a purely temporary phenomenon. We have to get through it. Keeping this in mind, we have signed an agreement in the CIS with the obligation not to conduct intelligence operations against each other.

But although the SVR does not utilize agents for intelligence gathering in CIS countries, we nevertheless constantly obtain information on them. For instance, from our sources in the far abroad.

[Makarov] A long time ago I was told the story of how a KGB officer went to an ambassador of a Scandinavian country and put on his desk a stack of photos, in which the ambassador was depicted in bed with a girl the KGB itself had set him up with. The ambassador looked through them and said: "Could I ask you for a favor—a duplicate set of these? I think my wife would like them!..." The KGB officer had to withdraw. In this connection, my question is: Does the SVR currently use the method of "coach recruitment?"

[Trubnikov] I personally do not know of any instance over the past year in which this basis was used by our intelligence. The methods of SVR work have become more civilized, decent. We base our activities on the law, which does not permit anything that is hazardous to the health—mental or physical—of the people we recruit. The honey trap is a thing of the past, and as a rule, we do not use it abroad.

[Makarov] Do you use women as operatives?

[Trubnikov] Not too many. In my opinion, our service, unlike our Western colleagues, underestimates their potential. In the West women actively work not only in intelligence but also in counterintelligence. In England, for instance, female personnel make up almost half of the staff, and the head of the service is a woman—Stella Remington.

But women also are very valuable for intelligence. You see, our profession requires qualities that are characteristic precisely of women: punctuality, thoroughness, the ability not to disregard details. There are special traits such as female intuition, feeling a person. When I worked abroad I had an encounter with a female intelligence officer. As a professional, she was on par with any man.

[Makarov] Tell me, how much does one foreign agent cost the Russian state?

[Trubnikov] If an agent works for money, it costs as much as his information. To the agent, this information may cost from three years suspended jail sentence to capital punishment. We take this into account in our monetary remuneration for his efforts.

Ex-KGB Official on Reorganization Errors

954F2404A Moscow NEZAVISIMAYA GAZETA in Russian 24 May 95 p 4

[Interview with KGB General Yuriy Drozdov, by Rodion Morozov, under the "Society" rubric; place and date not given: "Governments Change, But Intelligence Services Remain: General Drozdov Believes That Five or Six Agents Can Provide All the Intelligence the Country Needs"]

[FBIS Translated Text] Yuriy Ivanovich Drozdov is the last chief of Directorate "S" (illegal intelligence and special actions) of the USSR KGB's First Chief Directorate. General Drozdov left a very significant imprint in the history of our special services. As an illegal intelligence officer, he had to carry out extremely difficult operations, transform into the most various people—for instance, Rudolf Abel's cousin (General Drozdov took an active part in planning the operation on his release). But the main effort of his life was creating the structure of illegal intelligence, the elite of intelligence services, which by the end of the 1980's and the beginning of the 1990's had no equal in the world.

[Morozov] In my opinion, the Russian special services are living through far from the best times today. This is, I believe, because political leaders of the new Russia still cannot define a place for these services in the state apparat structure. Hence numerous reorganizations, splits, and totally frivolous talk that we allegedly no longer need this repressive apparat. Have Western special services lived through something like this, have they ever been threatened if not with liquidation, then at least with disintegration?

[Drozdov] In the FRG in 1990, after the fall of the Berlin Wall, there was a lot of talk that now supposedly there was no longer any need for special services in the united Germany. Various political movements unleashed a whole campaign aimed at extinguishing them. The German Government then had to make the public aware of the fact that it was precisely due to the efforts of the special services that the FRG is a stable law-based state with strong democratic traditions. In July 1990, the FRG MFA [Ministry of Foreign Affairs] commissioned the publication of a booklet, "Tasks and Control in the Area of Protection of the Constitution." It argued in a most convincing way that a democracy can only be a true one if it has the capability to protect itself from subversion and to keep extremist, destructive forces from coming to power. The booklet was distributed among the Bundestag deputies, most of whom agreed that its reasoning was inarguable.

The American special services—the CIA and the FBI—have lived more than once through hard times. Each defeat on the external front made the U.S. leadership take reorganization and strengthening of their special services very seriously. The question of liquidating, abolishing, them has never come up, however. The subject of discussion was usually the reverse—strengthening, appropriating more money for technical equipment.

I should mention that at some time in the past, the KGB leadership prepared on the basis of West German experience a report on the situation in the country, where it warned of the threat of destabilization of the situation in society in the event that its defense mechanisms were weakened. This report was sent to Mikhail Gorbachev, as well as to the USSR Supreme Soviet, but... nobody listened to our voice then. Moreover, on numerous occasions, at the recommendation of Western "friends," our political leaders promised to dismantle the domestic special services. Thank God, this did not happen, but many serious mistakes were committed. And it is not accidental that we hear today from the national and FSB [Federal Security Service] leadership about the difficult situation we have found ourselves in—both inside the country and on the external front. It was also finally remembered that there is indeed a need for a defensive wall protecting the state from disintegration.

[Morozov] Do you also believe that we already have a reason to worry about our relations with the outside world?

[Drozdov] Yes. And had it been only my opinion, it is unlikely that Russian Minister of Defense Pavel Grachev would have displayed such concern regarding the spread of NATO practically to our current borders. He understands what it means: The time needed for a nuclear strike against the main Russian centers is being reduced from 10- eight to four-three, and even two minutes. And Minister of Foreign Affairs Andrey Kozyrev also found it necessary to modify his positions.

[Morozov] In your book, "A Needed Work," you mention the so- called "minor wars," the purpose of which is, while avoiding a global conflict, to destabilize the situation in a country, push it to the limit, and then, after installing a "convenient" regime, to begin the reverse process—stabilization. And at the same time, you speak bitterly about the fact that on the territory of the former Soviet Union "a minor-war operation, grandiose in its scale, continues." What do you mean?

[Drozdov] Russia has quite a few "hot points" of political and military tension. The latest example is the war in Chechnya. Before that, it was the Karabakh, the Georgian-Ossetian, and the Georgian- Abkhazian conflicts. On top of this, gangsterism in the streets, killing prominent figures for political and economic motives.

[Morozov] And who is behind it?

[Drozdov] This is for the proper power structures to figure out. According to all the existing theories, governments, as well as individual political parties and organizations, economic groups, and individual citizens, may have something to do with minor wars. In some instances, a "minor war" may be initiated by a foreign state, which would benefit from a crisis situation caused by religious or ethnic motives: It keeps the goal hidden, and its intervention masked. Convenient.

[Morozov] Could you name examples of outside intervention?

[Drozdov] Take for instance Tajikistan, where this crisis has been become very protracted. Tajikistan is a treasure box unique in the world, which contains all the elements in Mendeleyev's table, and of high quality, at that. During the period of the "atomic boom," the Soviet Union did a thorough exploration in the Pamirs; its results became known in the West and for a long time disturbed the sleep of Western monopolies. In today's Russia, on the other hand, there is only one uranium deposit. That is why attempts are being made to squeeze Russia out of Tajikistan; a highway is being built in a hurry from Islamabad to the Pamirs, to extend a new Silk Road through Gornyy Badakhshan. And right now, when Russia is carrying the main burden, providing Tajikistan with economic and military assistance, behind its back a number of foreign companies are trying to take over mineral production. A network of shell companies is being set up, though which they plan to take over Tajikistan's mining industry. In this connection, I can cite one characteristic fact going back 10 years, which also will shed light on what is happening now to this former Union republic in a military sense and will reveal a little of the quintessence of the "minor war" operation taking place there. In October 1984, a Starlifter aircraft, carrying CIA Director William Casey, landed at an Air Force base south of Islamabad. During this secret trip, Casey stunned Pakistani leaders with a proposal to move the Afghan war to the neighboring territory—to the Soviet Union. Casey also intended to set up channels for delivering to the USSR subversive propaganda materials, via Afghanistan to the southern republics of the Soviet Union. According to Pakistani General Mohammed Yusaf, who was present at the meeting, Casey said: "We can do a lot of damage to the Soviet Union."

[Morozov] How did the Pakistani leaders react to Casey's proposal?

[Drozdov] They simply accepted it as a program for action. As to the consequences, you can draw your own conclusions.

[Morozov] You have touched upon the theme of propaganda influence, so-called psychological warfare. What is it?

[Drozdov] It is a rather extensive system of political, propaganda, and special operations, encompassing the entire potential of the possible effect on a man's spiritual state. I mean the press, television, radio, cinema, theater—everything that can be used to exert pressure on an individual and society as a whole, used to disorient them, distract, and subjugate them to the will of others. Governments of many countries are engaged in this kind of work; their political and public organizations, special army units, and special services participate in it. In the past, in our country it was called working on destroying the morale of the enemy troops and population.

[Morozov] Can we assume that with the disintegration of the USSR, psychological warfare has lost its urgency?

[Drozdov] No. Precisely in connection with the changes that have taken place in our country, hot on their trail, a special- purpose group with a staff of 1,500 was set up in the United States; its task is to draft and implement measures on conducting psychological warfare with respect to the former Soviet Union. And recently Zbigniew Brzezinski, in connection with the events in Chechnya, proposed a modified program of psychological pressure on our country—to "facilitate its effective development." That is, disintegration.

[Morozov] Can you cite some historic example of foreign intelligence services exerting psychological pressure on an object of particular interest to them?

[Drozdov] We do not have to look far back into history for that. Take for instance such an organization as the "Moonies" sect. It was created by two central intelligence agencies—South Korean and American. In its structure, there are units whose responsibility is to conduct subversive activities. In particular, the unit engages in providing assistance to the people conducting armed struggle on the territory of the former USSR. And other sects of a similar kind—do you think they got started on their own? Unfortunately, some time back, in indiscriminately giving free run to all religious movements, our leadership lost sight of such a factor as the active participation of the so-called artificially created religious organizations in the political struggle. Until the beginning of 1990's, we tried to block access to the Soviet Union for such pseudo-religions. But they nevertheless did break through. The most graphic example of their activities is the scandal involving AUM Shinrikyo.

[Morozov] It is now considered good manners to speak of the West's—in particular the United States'—humane, friendly attitude toward us....

[Drozdov] Talk is cheap.

[Morozov] Nevertheless—your opinion on this matter?

[Drozdov] In the past we had in our possession a list of potential targets on the territory of the USSR, compiled for the U.S. Department of Defense's leadership. This list included population centers with a population numbered in the millions and large industrial potential, nuclear power stations, and so on. All in all about 2,000 targets. If their attitude has become humane, as you say, the U.S. Government should publicly announce scrapping this list. I have many partners among Americans (Yuriy Drozdov currently works in the information business, is head of the Namakon Company— R.M.)—pensioners like myself—and we argue on this subject.

Right now I would ask them to explain to me why in January 1995, at the hearings on intelligence issues in the U.S. Senate, statements were made that compelled former CIA Director Woolsey to ask that they not be viewed as a call to return to the Cold War. Or, what made General Clapper say at the same hearings that U.S. military intelligence is "studying the phenomena of sudden, or 'irregular' (that is, 'minor') war, urban warfare, and that the DIA [Defense Intelligence Agency] is preparing for the U.S. military recommendations on actions in the conditions of 'Third World instability'." This is already serious, and Russia has a right to ask many questions.

[Morozov] What about the methods used by intelligence—were they humane?

[Drozdov] This is a completely different question. A war of intelligence services is a real war, with all the potential consequences. Our intelligence officer or illegal always had to be ready for any outcome. I remember tales of old intelligence officers: You see a person off, and he disappears. Something has cost him his life. What? We continued to search for him for years, even when there was no longer any hope. There was an instance when a missing man was found four years later. Difficult situation, a nervous breakdown, etc. There had been mistakes—in behavior, appraisal of the situation—for which it was necessary to pay a high price. The Center's task was to provide a safety net for the person, to prevent mistakes.

[Morozov] In the past, the extent of the information in possession of Soviet foreign intelligence was impressive. But where are the limits? You quote your conversation with Kryuchkov. His question: "And how large an agent network do we need to know what is happening in the world? And your answer: "Not too many—five or six agents; the rest of the network should provide support, divert attention from them." Were you talking about potential or real agents?

[Drozdov] I was talking about specific people and specific names. Our illegals.

[Morozov] A greater part of your life is linked with illegal intelligence—a kind of an elite, the aerobatics area in any special service. Do you not feel that now the built-up, smoothly operating structure of illegal intelligence is beginning to collapse? And the reason is probably a whole set of factors. Both those you mentioned in our conversation and the lack of proper financing, and the change of ideology....

[Drozdov] I believe that an old boss should not interfere in the business of its former unit and get in the way of the new boss. It is no secret from anyone than many people have left because of dissatisfaction. This is a fact. But we can hardly speak of some all-out collapse. A state cannot live without intelligence—it will be helpless without it. Sooner or later, everything will fall into place. The history of intelligence in Russia goes back many centuries—it existence was dictated by a conscious need. And therefore, those who choose the profession of an intelligence officer, especially in such difficult times as ours, should always remember what Cavalry General Aleksandr Brusilov used to say: "Governments change, but Russia remains, and everybody should serve her in his chosen profession."

Media Issues

'Complete Anarchy' at St. Petersburg TV Channel 5

MK0806130095 Moscow SEGODNYA in Russian 8 Jun 95 p 2

[Report by Aleksandr Pozdnyakov under the "Conflict" rubric: "Bella Kurkova Announced That She Has Gone Over to Opposition to the President and Is Resigning From the Post of Chairman of the 'Petersburg — Channel Five' State Television and Radio Company"]

[FBIS Translated Text] Bella Kurkova, chairman of the "Petersburg — Channel Five" State Television and Radio Company (STRC), appeared directly on air on her television and radio company channel and announced: "There is only one way for us now — to oppose the president." Viktor Pravdyuk, STRC first deputy chairman, who also took part in the program, fully agreed with her and said that "an attempt to turn Petersburg television into a provincial one does not comply with the fundamental interests of the state." Mrs. Kurkova and Mr. Pravdyuk said that they would probably have to resign from their posts. After this program, the television heads did not show up at their TV company premises — Mrs. Kurkova immediately left for a planned vacation and Mr. Pravdyuk took sick leave.

The reasons for the "Petersburg — Channel Five" STRC chiefs' indignation were "concentration of power in the hands of the Kremlin security service" and "attempts to turn an independent television and radio company into a political instrument in somebody's hands." In addition, Mrs. Kurkova was indignant at revelations made by State Duma Deputy Aleksandr Nevzorov; she also thinks that the Russian president has given too much power to people from his entourage, and that he is fulfilling the will of those who do not care for state interests in the least. "When the president behaves like this, we cannot stay with him," she said.

Some sources from the television company itself, however, claim that Mrs. Kurkova was angered not with the excess of power in the hands of Aleksandr Korzhakov, head of the Presidential Security Service, but with the fact that the general did not wish to use his influence to help Mrs. Kurkova. After the progress made in investigating the financial activities of the STRC leadership shattered the positions of Mrs. Kurkova and Mr. Pravdyuk, the two television chiefs went to Moscow and, having been received by Mr. Korzhakov, asked him to clamp down on those who unmasked them. The general, however, as STRC staffers themselves say, received the supplicants rather coolly and did not bring joy to their hearts with any high promises.

As some observers believe, another serious reason urging Mrs. Kurkova and Mr. Pravdyuk to look for a pretext for a hasty resignation was the catastrophic decline in the popularity of the television and radio company headed by them. After Nizhniy Novgorod Governor Boris Nemtsov's request to transfer the license for telecasting over his oblast's territory on frequencies occupied by the "Petersburg — Channel Five" STRC to some other television and radio company, all Central Russian oblasts — one after another — started to refuse to receive programs from Petersburg. As a result, within several months the STRC's audience has been reduced to residents of Petersburg and Leningrad Oblast.

Commenting on the situation with Petersburg television, Valentin Lazutkin, head of the Federal Telecasting and Broadcasting Service, noted: "Today, TV viewers cannot be seduced by someone who merely makes the rounds of top officials' rooms and by willful decisions." In his words, neither Mrs. Kurkova nor any of her deputies have submitted any written applications to resign. St. Petersburg Mayor Anatoliy Sobchak regards this as quite normal: "In Russian politics, there have been quite a few cases of people declaring their resignation, but nevertheless remaining at their posts." Mr. Sobchak said that he knew nothing about the intention of Moscow authorities to pass over the "Petersburg — Channel Five" STRC to some "shady commercial structures," and noted that in the years of Mrs. Kurkova's "rule" the financial activity of the company "has been managed in a very unskillful way."

Channel Five General Director Oleg Rudnov — who is fulfilling Mrs. Kurkova's duties during her vacation — said that he knew nothing about a probable resignation of his chief. Nevertheless, judging by information from the STRC's office, for the time being, the company is struck by complete anarchy and confusion; its staffers link their hopes for overcoming the prolonged crisis only with Mr. Rudnov, in expectation that Mrs. Kurkova will retire after her vacation.

Kurkova To Resign, Run for Duma

LD0806214795 Moscow Radiostantsiya Ekho Moskvy in Russian 1940 GMT 8 Jun 95

[FBIS Translated Text] Bella Kurkova has confirmed her intention to resign from the post of chairman of the television and radio company St. Petersburg - 5th Channel. In a St. Petersburg radio open air broadcast she also stated that she will run for elections to the State Duma. Kurkova sharply criticized Boris Yeltsin whom she had previously supported..

'Politics' Said To Have Possible Role in KURANTY Suspension

MK0806113095 Moscow KOMMERSANT-DAILY in Russian 8 Jun 95 p 14

[Unattributed report under the "Journal" rubric: "Publication of KURANTY Is Prevented by Debts"]

[FBIS Translated Text] Issue 1121 of the Moscow newspaper KURANTY did not appear 6 June owing to the newspaper's debts to the "Moskovskaya Pravda" publishing and printing complex [PPC]. According to Mikhail Kovalev, PPC deputy production director, the newspaper owes "Moskovskaya Pravda" some 100 million rubles. Mr. Kovalev thinks KURANTY has no reason to complain against the PPC because they have long been accommodating as regards the newspaper. "There is no campaign going on against KURANTY," he stressed. In Mr. Kovalev's words, once KURANTY pays up its debts, its publication will resume. In the meantime, the newspaper's chief editor Anatoliy Pankov has said that a sum worth roughly a month's cost of printing and supply of newsprint was paid by a firm nearly three weeks ago; the money, however, so far has not reached the "Moskovskaya Pravda" account for unknown reasons — possibly, Mr. Pankov thinks, through a banking error. In his words, the firm had agreed to pick up the tab for a second time, and the KURANTY editors suggested that they pay for each newspaper issue (the Saturday issue was published based on this arrangement.) The PPC declined to continue this practice, however, and stopped printing the newspaper. Pankov does not rule out that the newspaper's predicament "has to do with politics." In the view of the chief editor, "there is a hidden pressure somewhere for some newspapers to survive and others not."

Military Issues

Grachev at Sochi Summit, Not Brussels, Per Yeltsin's Orders

LD0906084295 Moscow ITAR-TASS World Service in Russian 0745 GMT 9 Jun 95

[By special ITAR-TASS correspondent]

[FBIS Translated Text] Sochi, 9 Jun — Russian Defense Minister Pavel Grachev's absence at today's meeting of ministers of NATO countries in Brussels with defense ministers of eastern Europe countries taking part, is explained by the fact that Pavel Grachev is taking part in the Russo-Ukrainian meeting in Sochi, dedicated in the first place to the Black Sea Fleet. The ITAR-TASS correspondent was told this today by the Russian defense minister.

"I cannot be everywhere at once, therefore on the order of the Supreme Commander, the Russian president, I have arrived in Sochi to take part in the Russo-Ukrainian summit meeting," Pavel Grachev explained.

Answering a ITAR-TASS question as to whether there is hope of achieving positive advances at today's Russo-Ukrainian talks, Pavel Grachev said yes.

18-Year-Old Missile Fired From Baykonur Test Range

LD0806150495 Moscow ITAR-TASS World Service in Russian 1416 GMT 8 Jun 95

[By ITAR-TASS correspondent Anatoliy Yurkin]

[FBIS Translated Text] Moscow, 8 Jun (ITAR-TASS) — A PC-18 strategic missile manufactured in November 1976 by Khrunichev works and kept in combat readiness for 18 and a half years was launched today from the Baykonur test ground at 1645 Moscow time by a Russian Strategic Missile Troops combat detail.

The ITAR-TASS correspondent learned at the General Staff of the Strategic Missile Troops of the Russian Federation that the mock-up warhead of the missile reached the predetermined area of the Kamchatskiy test ground with the highest degree of precision.

Missile specialists insist that the results of the launch proved the high reliability of the missile and that the combat operation was unique in all respects.

Military Praises Missile's Performance

LD0806153195 Moscow ITAR-TASS in English 1507 GMT 8 Jun 95

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, June 8 (ITAR-TASS) — Russia's military space forces today launched from the Baykonur launch site an RS-18 missile which was manufactured at the Khrunichev plant in November 1976.

The dummy warhead of the missile that had been combat ready for over eighteen years before it was fired from the Baykonur space centre at 16.45 Moscow time on Thursday hit the target in the Kamchatka testing range with high precision, sources in the Russian military space forces central headquarters told ITAR-TASS.

Missile specialists say the results of the test testify to the missile's high reliability. They also say its performance was unique in all respects.

Visit to Missile Forces Command Center

MM0806151195 Moscow KRASNAYA ZVEZDA in Russian 7 Jun 95 p 2

["First-Time Report" by Aleksandr Dolinin: "Twenty-Seven Steps Down to the Security Keys: First-Ever Report From Strategic Missiles Forces' Central Command Center"]

[FBIS Translated Text] You can get to the Central Command Center directly from KRASNAYA ZVEZDA's correspondents' office in the Strategic Missile Forces High Command building via the high command labyrinth, as the passageways are called here. But the security conditions here are such that, throughout the 35 years of the Central Command Center's existence, no KRASNAYA ZVEZDA journalist, let alone other journalists, has passed through the system of hermetically sealed doors.

But, although the security conditions justifiably remain, the times are nevertheless changing and the opportunity to meet with alert-duty personnel of the Strategic Missile Forces Main Command Center itself did present itself. I will say straightaway that readers will find nothing sensational in this report. The simple fact is that the people there have carried out around-the-clock duty since 6 June 1960 in a steady and well-organized way. Despite all the tension, a regime of constant practice drills — up to 2,000 per year — obtains. Even being disconnected by the Mosenergo Joint-Stock Company did not disturb the alert-duty personnel's rhythm. The team switched to their own generators within seconds.

The Central Command Center looks like an ordinary building: It contains a hotel for alert-duty personnel and a canteen. The most important things are underground. Thousands of square meters of space containing military command and control equipment, communications systems, and so forth. The fortified structure, sunk tens of meters below the surface, is a complex installation.

There was enough manpower and funds in those days. Nowadays, officers remarked, they would certainly not be able to manage such a construction project....

Major General Vitaliy Denisyuk and I passed through a checkpoint equipped with electronic gear, and went down some steps. There are 27 steps on the route which the alert-duty personnel take to their combat posts each day.

That day Major General Eduard Kuznetsov's teams had taken over the watch. His job is simply known as "alert-duty general." In other words, he is the commander of the alert-duty forces. Dozens of command centers of regiments, divisions, and armies come under his authority. His command extends to every missile launcher. And they number around 1,000 — not only in Russia, but also in Ukraine, Kazakhstan, and Belarus. More than 12,000 missilemen are simultaneously "under arms." Gen. Kuznetsov was helped by his deputies — Colonel Anatoliy Abramov, Lieutenant Colonels Ivan Skachkov and Aleksandr Nikiforov, and Major Aleksandr Mishurov. They are sitting in front of computers, numerous telephones, and equipment which allow them to control awesome weaponry.

"Only specialists with at least six years' experience of alert duty in regiments serve at the Central Command Center. We do our own selection.

"Training goes on all the time: There are special exercises held during alert-duty training days, there is the alert duty itself, plus a whole system of analyzing results. This was all set up by our predecessors, who are remembered with gratitude here. Konstantin Vasilyevich Gerchik, the Central Command Center's first chief, for example, who was burned during a missile explosion which killed dozens of people, including Mitrofan Ivanovich Nedelin, the Strategic Missile Forces' first commander in chief. I can remember Colonel General Gerchik when he was still an army commander. People like him laid the foundations of alert duty and the attitude toward it which keeps the Missiles Forces 'in trim.'"

No one is exempt from alert duty in the Missile Forces. Colonel General Igor Sergeyev, commander in chief of the Strategic Missile Forces, himself regularly reports for duty, as do all his deputies, chiefs of directorates, and even medical personnel and those responsible for the forces' finances. The Central Command Center figures on the Strategic Missile Forces' Honor Roll, and more than 150 generals and other officers have been awarded orders and medals. Around 70 percent of officers and warrant officers carrying out alert duty are rated as masters and/or first- or second-class specialists. Leaders of the government, the State Duma, and Defense Ministry who have visited the Central Command Center have spoken highly of the alert-duty personnel. Ivan Rybkin considers that if everyone worked like the missilemen Russia would be a prosperous country.

The only problem is that not everyone in our state appreciates the cost of this painstaking, responsible work. Let us recall the disconnection of electricity already mentioned. The threat of a new disconnection has not been removed to this day. The missilemen's outstanding electricity bill is now approaching 2 billion, and less than half of those serving have received their pay for May....

In the Central Command Center's main hall I looked at the clock showing the time in Washington, Moscow, and the centers where missilemen are stationed and also the huge illuminated display panel showing the operational situation. You get the impression that the missilemen's whole world is in front of you. That, incidentally, is how it has been for 35 years now.

Yeltsin Edict Makes Polyarny 'Closed' City

LD0806083895 Moscow ITAR-TASS in English 0817 GMT 8 Jun 95

[FBIS Transcribed Text] MOSCOW, June 8 (ITAR-TASS) — Russian President Boris Yeltsin has issued a decree which makes the Murmansk region's city of Polyarny a closed administrative-territorial formation.

The text of the decree, dispatched to ITAR-TASS today, says the city has been made closed "for purposes of the establishment of a reliable protective zone for safe functioning of the shipyard and bases of the Northern Fleet, ensuring the necessary regime for their operation and ecological safety of the population, in accordance with the proposal of the government of the Russian Federation".

The decree defines the territory of Polyarny as a 1,800-hectare area with a 27-km border, with 21 km of it running in the tidal area of the Kola Gulf and six kilometres in lands from Cape Las to the southern tip of the Kutovaya Bay.

The decree leaves in place the previous security regime of Polyarny's shipyard and the Northern Fleet's bases, with restrictions on access to and permanent residence in the city, and on flights of aircraft over the its territory. The city will also retain its controlled and closed zones.

Federal Assembly

Duma Members Urge Debate on NATO Actions in Bosnia

LD0806134195 Moscow INTERFAX in English 1226 GMT 8 Jun 95

[FBIS Transcribed Text] Moscow, June 8 (INTERFAX) — Russian State Duma members affiliated with the inter-parliamentary group for ties with the Union Republic of Yugoslavia have called on their colleagues in the house to discuss "unilateral power actions by NATO in Bosnia-Herzegovina". The draft resolution "On the Escalation of the Armed Conflict in the Balkans" is supported by the Agrarian Party of Russia, the Communists and the Liberal Democrats, interparliamentary group chairman Sergey Glotov has said.

The draft appeals to the president and government to use the veto in the U.N. Security Council against any attempts to replace United Nations forces with troops of any military groups, including NATO, and to press for an end to air strikes.

The resolution also proposes appealing to leaders of the Bosnian Serb republic to release all U.N. peacekeepers.

In the case of unilateral actions against the Serbs continuing, in particular, violations of the embargo on arms supplies to the Bosnian Muslims and Croats, the resolution calls for terminating Russia's participation in economic sanctions against Yugoslavia.

The draft resolution will go before the State Duma for approval on Friday.

Resolution Questions NATO Actions

LD0806175095 Moscow INTERFAX in English 1602 GMT 8 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] Moscow, June 8 (INTERFAX) — Russian State Duma members affiliated with the inter-parliamentary group for ties with the Union Republic of Yugoslavia have called on their colleagues in the house to discuss "unilateral power actions by NATO in Bosnia-Herzegovina". The draft resolution "On the Escalation of the Armed Conflict in the Balkans" is supported by the Agrarian Party of Russia, the Communists and the Liberal Democrats, interparliamentary group chairman Sergey Glotov has said.

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The draft resolution will go before the State Duma for approval on Friday.

Tallinn Union Leader on Estonia's Russian Community

LD0806163395 Moscow INTERFAX in English 1317 GMT 8 Jun 95

[FBIS Transcribed Text] Moscow, June 8 (INTERFAX) — Neither the Russian foreign ministry nor the Russian embassy in Estonia attend to the problems of Estonia's Russian community, leader of the Tallinn Union of Russian Citizens Petr Rozhok told a news conference in the State Duma on Thursday [8 June].

Himself a member of Russia's Liberal Democratic Party, Rozhok was again expelled by Estonian police on June 4. He was first deported from Estonia to Russia at the end of March on charges of involvement in anti-Estonian activity, but later filed a suit contesting the legitimacy of the expulsion measure.

The Estonian embassy issued a two-day entry visa for him to attend court hearings on June 2 during which he asked to be given a breathing space of seven to ten days to examine the case. The court adjourned after agreeing to meet Rozhok's request.

Estonia will turn into another Yugoslavia unless Russia brings economic sanctions against it, Rozhok said.

Law on Duma Elections Adopted for Second Time

LD0906084895 Moscow ITAR-TASS in English 0829 GMT 9 Jun 95

[By Pavel Kuznetsov]

[FBIS Transcribed Text] Moscow, June 9 (ITAR-TASS) — The federal law "On Duma Elections," turned down by Russian President Boris Yeltsin, was adopted for the second time today by the Lower House of the Russian parliament.

It was approved with due account of the proposals submitted by the Conciliation Commission of the two Houses. It was carried by 264 votes against 45. Two Duma members abstained during the voting.

Glazyev Gathering Signatures for No-Confidence Vote

LD0706194195 Moscow INFORMATSIONNOYE AGENTSTVO EKHO MOSKVY in Russian 0855 GMT 7 Jun 95

[FBIS Translated Text] The Ekho Moskvy radio station has learned that Sergey Glazyev, leader of the Democratic Party of Russia, has gathered 95 signatures from among the State Duma deputies who advocate including the question of no confidence in the government on the State Duma agenda.

According to the procedure, 90 votes are required in order to consider this issue, and now it may appear on the agenda at any time.

Duma Rejects Paramonova as Central Bank Chairman

MM0806154395 Moscow IZVESTIYA in Russian 8 Jun 95 p 2

[Article by Ivan Zhagel: "Another Failure for T. Paramonova in the State Duma"]

[FBIS Translated Text] The question of the chairman of the Central Bank of Russia has been discussed at a session of the State Duma Budget and Finance Committee. The candidacy of Tatyana Paramonova, currently acting chairman of the Central Bank, proposed for this post by the Russian Federation president, was rejected by a majority of votes.

This outcome of the vote by members of the Budget and Finance Committee could hardly have been guessed from the course of the debate. The deputies listened attentively to T. Paramonova's speech, in which she emphasized the financial stabilization now to be observed, and they asked a couple of dozen pertinent questions, but then 12 of the 23 committee members present voted against her, and one other voting paper was deemed invalid.

It is obvious that the position in respect of Paramonova had been worked out by the deputies in advance, in the Duma factions, and the actual discussion of this issue in the committee became a pure formality. Since the committee session was, however, attended by a disproportionate number of representatives from various factions, it is too soon to conclude once and for all whether or not the Duma as a whole will support the candidacy nominated by the president. The position of the Budget and Finance committee, however, sounds the alarm for Paramonova.

The most interesting thing in all this is that Paramonova took the latest painful blow from the Duma at the moment when the financial situation in the country really has improved significantly. Of course, this is to the credit not only of the Central Bank, but it would also be wrong to belittle its role. The Central Bank's present leadership has proved its ability not only to work alongside the government but also to act in a decisive and highly professional manner.

On the other hand, it is becoming increasingly obvious that it is not enough to have professionalism alone to head the Central Bank. At such a level people must also be good politicians. Incidentally, a very instructive example is provided here by Vladimir Panskov, the present minister of finance, who took up his post virtually simultaneously with Paramonova, right after "black Tuesday." His appointment caused a storm in the mass media, and some members of the government circles even resigned, but Panskov's active work with the mass media, with representatives of industrial circles, and with deputies and his constant explaining of his position eliminated the uproar around this person.

Paramonova behaved quite differently. At first she was totally inaccessible to the mass media, and some people saw her silence as uncertainty, some as a lack of her own views on financial policy, and some as simply unprofessionalism. She made a number of blunders in respect of the commercial banks. The most vivid of these was the introduction of increased reserve requirements. Although many specialists now regard that measure as correct, the actual procedure by which it was introduced cannot withstand any criticism — everything was done in a tough and crude manner, without prior consultations with the commercial banks and without preparing them for this serious step.

If you recall that a couple of years ago Paramonova, then deputy chairman of the Central Bank, drew up and implemented measures to confiscate from banks funds that were passing through them on false letters of advice, and with which the majority of banks had nothing to do, then you can admit with a large degree of probability that the banking community is now starting to have a definite influence over the deputies' position with respect to the proposed candidacy of the Central Bank chairman.

We should not conclude from this that Paramonova's days in the post of head of the Central Bank are numbered. As Pavel Medvedev, chairman of the subcommittee on banking legislation, said, the recently adopted law "On the Central Bank of the Russian Federation" defines very indistinctly the actions of the various branches of power, if the candidacy proposed by the president for the post of Central Bank chairman is not approved. In other words, if the president does not advance a new candidacy, Paramonova could remain acting head of the

Bank of Russia for a long time to come. On the other hand, we already have an acting general prosecutor, and several more acting officials will look like patent disregard for the deputies' opinion on the president's part.

Bumpy Road Expected for Extra-Budget Fund Bill

MK0706131095 Moscow SEGODNYA in Russian 7 Jun 95 p 2

[Report by Natalya Olenich under the "Pressure" rubric: "Extra-Budget Funds Risk Coming Under State Control. This Prospect Draws Mass Opposition by Deputies Across Political Lines"]

[FBIS Translated Text] On 8 June, the State Duma is due to consider the government-sponsored bill "On State Extra-Budget Funds," the vote on which will amount to a sort of "test of corruptibility for both factions and individual deputies," as Oksana Dmitriyeva, chairman of the subcommittee on the budget system and extra-budget funds of the State Duma's committee on the budget, taxes, banks, and finances, put it. As of today, there are two types of extra-budget funds in Russia: social and sectoral funds. While statutes on the former (which include the social insurance, employment, mandatory medical insurance, and pension funds) were considered by the government — and starting this year their budgets are to be approved by the State Duma (however, only the budgets of the employment and social security funds have so far been approved) — as to the latter, "few people know about them," Oksana Dmitriyeva said. It is known, however, that in 1994 the income of the sectoral funds reached 16 trillion rubles [R], the "Gazprom" Russian joint-stock company accounting for a major share of the money, R10 trillion. A plan for spending money from this fund was approved by the joint-stock company's board and agreed upon only with Deputy Finance Minister Andrey Vavilov. As for the current year, there are no data on the sectoral funds' incomes at all.

The aggregate incomes of the social funds were R115 trillion in 1994 or 70 percent of the federal budget revenue. According to Oksana Dmitriyeva, control over the way money from these funds has been spent is "even worse than control over the federal budget." A recent audit conducted by the Finance Ministry has revealed, for instance, that 60 percent of the Employment Fund's money earmarked to be distributed as loans to set up new jobs have simply been frittered away. Out of the R3 trillion the fund received last year, R1.2 trillion represented the balance deposited in commercial banks.

The passage of the government-sponsored bill, however, will put an end to the social funds' uncontrolled operation. Starting 1996, these funds' budgets will have to be submitted to the parliament for approval alongside the federal budget. Furthermore, reports on implementation of their budgets will be preceded by mandatory audits. The budgets must only be implemented through the treasury, the funds being allowed to have deposits only at the Central Bank's Settlement and Cash Center. In addition, the extra-budget funds will be allowed to invest their temporarily free resources only in government securities. As for sectoral and intersectoral funds, under the law on extra-budget funds they will simply be abolished. They may only be allowed to resume operations by a special federal law. In the view of the chairman of the budget system and extra-budget funds committee, the abolition of the sectoral funds should have positive effect on tariffs because enterprises have been including their payments to these funds in their production costs, thus boosting cost-price inflation.

But despite a clear social orientation of the bill submitted by the government, the results of the upcoming vote on it are still difficult to predict. According to Dmitriyeva, she has "never encountered so fierce a resistance and so consistent an indoctrination of deputies as during the passage of this bill." Suffice it to say that when the law was discussed in the budget committee, deputies voted against it regardless of their political predilections or stances adopted by their own factions, and, as a result, the committee passed the bill by just one vote.

Deputies Exploit Nonbudget Revenue Funds

MM0906104095 Moscow IZVESTIYA in Russian 6 Jun 95 pp 1, 4

[Article by Sergey Chugayev: "The Rapid Construction of 'Escape Routes' Has Been Launched in the State Duma"]

[FBIS Translated Text] The main factor in the public attention fixed on the activity of the Russian State Duma today is without doubt the dispute that has developed over the law on elections to the lower chamber of the parliament. Meanwhile, beneath the thunder of the open clashes, a quiet, but far tougher and fiercer, struggle is under way in the corridors and offices of the Duma. Completely different rules apply in this struggle. This time it is not a question of politics, but money — big money.

The majority of deputies quickly enough clarified their relationships with each other and with the executive back at the beginning of 1994 and since then have preferred to be involved in writing new laws, something that does not promise big political dividends, which provides grounds for the leaders of the chamber to talk about the increased professionalism of the deputies as compared with the members of the previous Russian Federation Supreme Soviet.

Meanwhile, as the outwardly chaotic wave of legislation has grown, many observers have started gradually to discern in it the outlines of some kind of system. All kinds of laws have come into being in the Duma (around 200 of them have already been adopted) regulating completely diverse aspects of Russians' lives and activity. Their authors have been representatives of the various Duma factions. At the same time, a great many of these documents have had something in common.

Perhaps the debates over the draft law "On State Support for the Mass Media" have helped to definitively determine the essence of the phenomenon. The main author of the document — M. Poltoranin, chairman of the Duma Committee for Information Policy — proposed, as we know, that budget subsidies for the mass media be discontinued and that instead of this a Duma-controlled federal press support fund be formed. Perceiving danger, at that time many journalists accused the head of the Committee for Information Policy of creating a fund "for his own purposes." As a result of sharp public disputes, the point concerning the fund was removed from the law, but the very dispute itself over the draft law forced attention to be focused on many analogous documents. It turned out that M. Poltoranin was not the first, and by no means the last, deputy who had included in the draft a law in which he had prepared provisions representing a personal interest. Such legislative initiatives come into being in the Duma in vast quantities, which gave Deputy V. Manannikov ("Russia's Choice") cause to finally systematize the phenomenon. As a rule, the normal, "average," law which comes into existence in the Duma contains three obligatory elements, the deputy believes: 1. The creation of an organ of administration; 2. The formation of an extra-budgetary fund; 3. The allocation of tax and customs concessions.

The sensational draft Law on Nonstate Pension Funds — whose author, S. Kalashnikov, chairman of the Duma Committee for Labor and Social Support and member of the Liberal Democratic Party of Russia [LDPR] faction, in order to achieve his own ends, took steps which were assessed by his working group colleagues as a forgery (IZVESTIYA reported this story 23 March) — can serve as the clearest illustration of the deputy's conclusion. The essence of the amendments that S. Kalashnikov tried to introduce into the draft law in circumvention of the existing norms is precisely as follows: 1. To create an association of nonstate pension funds that was to manage these funds; 2. To create an association reserve fund into which all nonstate pension funds would be obligated to place 20 percent of their assets; 3. To obtain the right to tax and customs concessions.

According to members of the Duma Budget Committee, through which the majority of such documents passes, they no longer have the resources to counter the ever-growing flood of lobbyist sectoral initiatives from their Duma colleagues. The originators of various draft laws pursue one aim — to create at someone else's expense, most often the taxpayers' expense, a fund that would accumulate sufficiently big sums of money that could then be disposed of without any control, and at the same time to increase the dimensions of this fund through tax and customs concessions.

Such, for instance, are the draft Law "On the Social Principles of the State Regulation of the Socioeconomic Development of the North of the Russian Federation" presented by V. Goman, member of the "New Regional Policy" group (the creation of a fund and tax concessions); and "On Solid Waste. Production and Use," whose authors — Deputies M. Lemeshev (LDPR), V. Tetemin ("Russia's Choice"), and V. Utkin (PRES) — envisage the creation of a system of extra-budgetary funds and tax concessions, including in certain cases complete exemption from taxes.

Carried away by the general zeal, LDPR faction member V. Zhuravlev, who presented the draft Law "On the Preservation and Development of Slavic Traditions," is proposing the obligatory establishment of an extra-budgetary Federal Fund for the Preservation and Development of Slavic Traditions (covered by the federal budget, obviously), as well as, self-evidently, the granting of tax concessions to the fund.

It is possible that certain deputies sincerely believe that they will only be able to properly solve the problem that is causing them concern if they receive a large sum of money from the taxpayer to have at their complete disposal. But there are grounds for assuming that in many cases (and this opinion is shared by many members of the Duma Budget Committee, who encounter such initiatives most often) we are talking either about creating a structure for a specific deputy which he can head in the event of defeat at the next elections — that is, a "fallback position" — or about making available to the deputy part of the income from the structure created as a result of his efforts — a "feeding trough," that is. Apparently, "fallback positions" and "feeding troughs" have gone into assembly line production, as they say, in the Duma. And this is no coincidence. The extra-budgetary funds have turned out to be a real goldmine for those who managed to assess their possibilities in time.

The extrabudgetary funds appeared during the existence of the Russian Federation Supreme Soviet, headed by R. Khasbulatov. At that time laws were adopted on the first structures of this kind — on pension funds, on the Employment Fund, on the Compulsory Medical Insurance Fund. It is possibly completely coincidental, but none of these laws envisaged the creation of any effective mechanism whatsoever for supervising their activity. As a result, the social extrabudgetary funds acquired the opportunity, unlike budget funds, to make use of the services of commercial banks and implement their own budget, evading federal treasury controls.

The social funds' accounts contain enormous sums of money. According to the calculations of Duma experts, the funds' income constitutes around 63 percent of the revenue side of the entire Russian federal budget. Essentially, very big and very cheap credit resources have been concentrated in these funds. Many funds have impressive balances. For instance, the Employment Fund's balance was 1.2 trillion rubles [R] last year against an overall budget of just over 3 trillion (for comparison purposes — the Russian Federation Government's entire debt to the military-industrial complex for purchases of weapons and hardware is R1.3 trillion). All of these enormous funds, as experts from the Duma Budget Committee affirm, are moved around practically without any controls. It is impossible to trace what becomes of the trillion-ruble balances.

At the same time, the size of the Employment Fund's apparatus alone exceeds that of the State Duma, Federation Council, Presidential Staff, and federal government apparatuses put together. The fund has paid over R170 billion for renting premises alone (this is more than the implementation of the housing program for victims of the Chernobyl disaster costs).

Attempts by the Duma Budget Committee to inquire into the social extrabudgetary funds, as committee member O. Dmitriyeva ("Yabloko") relates, unexpectedly came up against fierce resistance from a colleague, S. Kalashnikov, head of the Committee for Labor and Social Support, who mounted a particularly fierce defense of the Pension Fund. But even those checks which the Budget Committee members did manage to carry out proved to be amazingly effective. The checks were made precisely at the time the Duma and the government were seeking additional money for the expenditure side of the federal budget. So, an audit of the Social Insurance Fund budget exposed 3 billion "spare" rubles (thanks to this money, channeled into the budget, it proved possible to increase child-care allowances, maternity payments, funeral allowances, and payments for medical treatment for Great Patriotic War veterans). A check on the Pension Fund and the Employment Fund brought the federal budget an extra R5 trillion.

Unlike the social extrabudgetary funds, which are nevertheless subject to some form of monitoring, there is another category of such structures — extrabudgetary sectoral funds — which present those fortunate enough to be involved with them with truly unlimited opportunities. It cannot be ruled out that it is specifically these opportunities that attract the legislators who are initiating the creation of, on the whole, precisely these types of sectoral funds.

Unlike the social funds, the sectoral funds are most often created on the instructions of the government. However, the Ministry of Finance is frequently not informed of these instructions. There are few ministries and departments in Russia today that do not have their own extrabudgetary fund. The extrabudgetary funds of the "Gazprom" Russian Joint-Stock Company, the "Unified Power Systems" Russian Joint-Stock Company, the Ministry of Railways, and also the Russian Unified Research And Development Fund are considered to be the biggest.

The way the funds are formed is straightforward. They are created from deductions from the enterprises assigned to the ministries. But the enterprises include this expenditure in the prime cost of their output. To put it more simply — they raise prices. The principle for the formation of the "Gazprom" fund, which constituted R10 trillion last year, can be considered an exception to this rule. This fund was created out of the difference between the proceeds from gas at world prices and the wholesale domestic price. Thus, the entire gain from the fact that gas is cheaper in Russia has worked mainly to the benefit of "Gazprom" itself. Because if it were not for the fund, approximately 40 percent of this 10 trillion would have gone into the federal budget. In this way, practically all Russian citizens are participating in the creation of sectoral funds, which their leaders then use as they themselves see fit, and thanks to this it is not merely big money but enormous fortunes that are being "cooked up."

It should not be said that this situation suits the majority of government members or absolutely all of the deputies. A draft law on extrabudgetary funds, proposed by the government, is ready in the State Duma. The document envisages the establishment of at least some kind of order in this sphere of highly profitable business. What are notably envisaged are the obligatory submission to the Duma of the budgets of extrabudgetary funds at the same time as the draft of the federal budget, as well as obligatory and regular reports on the implementation of the budget of these funds accompanied by a compulsory preliminary audit. All the funds' transactions must be conducted via the federal treasury. All their accounts must be with the Central Bank. All temporarily free funds must be translated into state securities, for which it is proposed to issue ultrashort-term state bonds.

However, as Duma Budget Committee member O. Dmitriyeva says, this was the first time that she and her colleagues had encountered such powerful and organized resistance on the deputies' part to the passage of this draft law. The document was scarcely even able to get through the budget committee. The main opponents of the law include deputies from the LDPR faction and "Women of Russia" (many members of this faction are closely linked with social extrabudgetary funds). The fiercest resistance is being exerted by the Labor and Social Support Committee headed by the aforementioned S. Kalashnikov. Strong pressure on the part of the banks can also be felt. Furthermore — and this is characteristic — it is not the respectable banks that are "applying pressure" but the small and medium banks for whom "cooperation" with the extrabudgetary funds is a matter survival. This primarily concerns the banks that have ties with the pension funds.

Hearings on the law in its first reading are to take place at the Duma's next plenary sitting, most likely on 7 June. I believe that the debates on this draft law will provide a pretty good idea of the degree of strength of the deputies' relationships with the extrabudgetary funds.

At the same time, certain legislators with whom I have spoken on this subject believe that even if the law is successfully adopted, the situation will not change much. Attempts to create all manner of new funds at the expense of the budget will not come to an end. The only barrier to such attempts could be an agreed stance on the part of the Duma factions, but it seems that for many of them the protection of the inviolability of the extrabudgetary funds is also connected with the problem of funding their own election campaigns.

'Worker Quota' Urged for Federal Assembly

MM0806120595 Moscow PRAVDA in Russian 7 Jun 95 p 1

[Article by Ramazan Abdulatipov, deputy chairman of Russian Federation Council: "Parliament Is Not a 'Chamber of Chiefs.' R. Abdulatipov Proposes Introducing a 'Worker Quota' in the State Duma Elections"]

[FBIS Translated Text] By way of a legislative initiative R. Abdulatipov, deputy chairman of the Federation Council, has put to the conciliation commission on the Federal Law "On Elections of Deputies of the Russian Federation Federal Assembly State Duma" a proposal aimed at regulating the corps of deputies in terms of social composition.

Like every Federal Assembly deputy, I am concerned about the low level of results from our parliament's activity, and I see as the chief reason for this the unsatisfactory composition of the corps of deputies from the viewpoint of the representation in it of the main social strata and groups. Against the background of our endless arguing about democracy and about the people's expression of their will we lose sight of the most important political aspects of the life of Russia. As always, we get carried away by an abstract idea, by struggle for struggle's sake. Those people for whose sake a democratic society must be built and who are building it with their own hands remain outside the democratic process. They are allotted the role of detached observers.

The overwhelming majority of Russia's citizens are once again being turned into a political object without a will of its own. It has now become almost the rule that people who are terribly far removed from the life, interests, and creative questing of working people are the very ones who act on the latter's behalf. Here is a characteristic example: In their speeches many modern politicians avoid even pronouncing the words "workers," "peasants," and "working people." Of course, it is a matter not of words but of a policy built on overt disregard for this category of Russians. Is this not the source of the alienation of the majority of ordinary people from the reforms, from democracy, and from the market economy? The chief "gains" in this area serve the interests of the official administrative nomenklatura and the criminal mafia structures, and today this is becoming increasingly clear on all levels. Such development of democracy and the market will, in the final analysis, rebound against the prospects for Russia's reforms.

It is time to think about this and not forget that workers and peasants, working people, talented, true patriots of the fatherland make up the bulk of our home.

In connection with the aforesaid I draw your attention to the fact that the Federal Law "On Elections of Deputies of the Russian Federation Federal Assembly State Duma" still takes insufficient account of the role of workers, peasants, and engineering and technical personnel as the main social base of the representative power. Particularly inasmuch as it is they who constitute the bulk of the electorate.

For the purpose of eliminating this shortcoming, it is proposed to make this addendum to Article 37 of the law: "The federal list of candidate deputies of the State Duma nominated by an electoral association must include at least 30 percent representatives of workers and peasants." It would make sense to extend this norm also to the territorial districts.

It is appropriate here to remind you that the electoral law of a number of countries provides for representation of workers and peasants. It is exceptionally important to take account of this experience, which, incidentally, also existed in our country, starting with the first state dumas. The need to introduce such a quota is conditioned not by conservative views but by the prospects for the development of the rule-of-law state, in which all categories of the country's population have the right of access to the administration of the state. If we want to succeed in implementing the reform, we are simply obliged to take account of the interests of the direct producers of material and other assets. Such is the path, and such is the development practice of any civilized state. A people which ceases to respect and value the production worker's labor has no future.

I would like to draw attention to the fact that my proposed addendum to the law will not require any special changes to other articles, for Parts 1 and 2 of Article 19 of the Federal Law "On Basic Guarantees of the Electoral Rights of the Russian Federation's Citizens" and many articles of the Russian Federation Constitution create the necessary bases for this....

This is a question of equality of rights of citizens of all categories of the country's population, which stems from the contents of the Russian Federation Constitution.

I realize that some people will not like this amendment of mine, for all the "quotas" and posts in our political system were allocated long ago. Yet I am sure that this is necessary unless we want in the future to complicate the country's social life and the life of ordinary Russians and if, finally, we want to return to a commonsense policy. All this will be compensated by the fact that the corps of State Duma deputies will more accurately reflect the interests and requirements of all strata of Russian society, which is not to be observed at present, particularly as it is proposed to turn the Russian parliament's Federation Council into a "chamber of chiefs." This is a dangerous path for democracy, human rights, and freedoms.

Regional Affairs

Update on Battlefield Situation in Chechnya

Federal Troops Kill 34 'Militants'

LD0806134695 Moscow INTERFAX in English 1226 GMT 8 Jun 95

[FBIS Transcribed Text] GROZNYY, June 8 (INTERFAX) — Federal troops in Chechnya continued to shell illegal armed units, blocking their exit from the republic's southern areas.

A top official from the Combined Forces Command has reported to INTERFAX that federal troops have also carried out operations to force separate militants out of the villages of Agisthy, Mahkety, Elistanzhy, Oktyabrsky, and Dyshne-Vedeno. Militants are reported to have come under fire at Nozhay-Yurta and Yaryshmardy.

At the village of Orekhovo, internal troops were fighting with a group of Dudayev's militants were fighting for two hours [sentence as received]. According to the source, by fire from an armor personnel carrier and artillery guns, the militants fire positions were suppressed, and their casualties are being specified. Internal troops suffered no losses.

In all over the past 24 hours, federal troops have destroyed 34 militants, 3 anti-aircraft installations, and an ammunition depot, and have captured three armored vehicles, five grenade launchers, and ten aviation bombs. Federal losses were two killed and seven wounded.

The source notes that Dudayev's command has been desperately trying to restore with groups of militants the contact, lost as a result of the capture of Vedeno by federal troops.

Besides, militants have been sparing no effort to take up positions along the road to Shatoy.

During last night in Groznyy the federal commandant's offices were repeatedly fired on, however, no one was hurt.

Russians To Strike Against Shatoy

LD0806171595 Moscow INTERFAX in English 1559 GMT 8 Jun 95

[FBIS Transcribed Text] GROZNYY, June 8 (INTERFAX) — In Chechnya, federal troops will continue the operation to force Dudayev's militants out of the foothills, says Lieutenant-General Gennadiy Troshev. "The main strike will be against the village of Shatoy," he said in an interview.

Troshev commands army units affiliated with the federal force in Chechnya. He does not rule out the possibility that the militants might quit the village without resistance and leave for the mountains. "Whether that is so will become clear only at the time of the attack," he said.

Troshev said that Russian forces had not held any active operations lately and had only regrouped forces. "After the seizure of Vedeno troops are fortifying the new positions and moving block-posts closer to the mountains," he said.

Troshev said that the weather hindered further advance. Rains have damaged roads in the foothills, so armored vehicles cannot use them, and combat aircraft cannot operate at full strength due to heavy fog and low clouds. Troshev said he doubted whether large groups of militants would be able to cross into Dagestan or Georgia. He said that such attempts would be frustrated by artillery fire, air strikes and operations by border guards.

Troshev said that after the fall of Vedeno the federal troops would not resume the offensive against eastern areas of Chechnya. He said that federal troops were a mere 5 kilometers away from the administrative border with Dagestan.

Troshev believes that now the federal troops' most important task is to put under control the main strongholds of the militants: Shatoy, Nozhay-Yurt, Maskhety and Bamut.

Russian Troops Fire on Ingush Villagers

LD0806190195 Moscow Radiostantsiya Ekho Moskvy in Russian 1800 GMT 8 Jun 95

[FBIS Translated Text] A tragic incident took place in the village of Nesterovskaya in Ingushetia. According to Agasiyev, the press secretary of the president of Ingushetia, Russian servicemen opened fire at civilians, killing two people. Ingushetia's procurator general and the interior minister have left for the site of the incident. Criminal proceedings have been instigated.

Dudayev Commanders Fear Leader's Escape

LD0906134295 Moscow ITAR-TASS in English 1331 GMT 9 Jun 95

[By Olga Semenova]

[FBIS Transcribed Text] MOSCOW June 9 (ITAR-TASS) — Apprehensive that Dudayev absconds abroad, Chechen field commanders have totally rotated his bodyguards, ITAR-TASS was told today by a spokesman for the command of allied federal forces in Chechnya.

The spokesman quoted intelligence confirmed by defectors from Chechen rebel forces.

According to the source, the reshuffle of Dudayev's bodyguards indicates serious controversies in his camp.

Sakhalin Rescue Work Ends; Quake Death Toll 1,825

LD0906063095 Moscow ITAR-TASS World Service in Russian 0555 GMT 9 Jun 95

[FBIS Translated Excerpt] Moscow, 9 Jun — The search and rescue in the earthquake zone in Neftegorsk and the clearing of the rubble ended today, but emergency and restoration work continues. According to information available this morning, the quake killed 1,825 people, ITAR-TASS learned from the press service of the Russian Emergency Situations Ministry.

The ministry said 2,231 people, including 308 children, had been found in the ruins. A total of 406 of them, including 40 children, have been injured; 1,825, including 268 children, have died. A total of 1,570 people, including 263 children, have been identified.

Doctors have treated 750 quake victims; 367 people have been taken to the regional hospital in Okha. [passage omitted: population before the quake, compensation, number of people taking part in anti-epidemic work]

Maritime Kray Governor Raises China Border Issue

MM0906124195 London THE TIMES in English 9 Jun 95 p 13

[Report by Richard Beeston in Vladivostok, incorporating an interview with Yevgeniy Nazdratenko, Regional Governor of Primorskiy [Maritime] Kray: "Far East Outpost Pushes Russia Into Border Row"]

[FBIS Transcribed Text] The outspoken Governor of this distant outpost in Russia's Far East is nudging Moscow closer towards a potentially explosive showdown with Beijing over a simmering territorial dispute, which has already led to one border conflict.

Yevgeniy Nazdratenko, the tough regional boss of the Primorsky [Maritime] Kray region, said that he would do everything in his power to block a border agreement between the two countries aimed at ending centuries of rivalry along the 2,700-mile frontier.

"This border has stood for 137 years," said the former mining engineer and amateur boxer, who in the space of only two years in office has established himself as one of the most powerful and popular governors in Russia. "If we start giving up land to the Chinese, we might as well just pull out from the Far East altogether," he told THE TIMES in an interview in his office in Vladivostok, overlooking the remnants of Russia's once mighty Pacific Fleet. "Once you begin handing over land they will just keep coming back for more."

At issue are three pockets of land, including Damanskiy Island, the disputed territory which triggered a brief but bloody border war in 1969. The land was turned over to China under the provisions of a 1991 treaty with the Soviet Union, which was supposed to end decades of rivalry between the two regional superpowers. Mr Nazdratenko's room for manoeuvre on issues of Russia's foreign policy is limited, but that has not stopped him conducting single-handedly an aggressive campaign to beef up border security and crack down on illegal Chinese immigrants.

"When I came to office two years ago the Primorskiy was already swarming with these people — sick, tubercular, full of lice, you understand? Bandits," he raged. "If I had not done something we would have lost this territory in 15 years."

His actions, condemned by some as racist, have been welcomed by many locals who feel that their interests have been betrayed by Moscow and that their populous neighbour is intent on swallowing up Russia's Far East in one demographic gulp. According to experts, the Russian population between Lake Baykal in Siberia and the Pacific coast is only eight million, while neighbouring Chinese provinces have more than 300 million people. In addition, Russia's population is steadily declining, the result of a steady migration to central and western parts of the country.

"Personally I consider the Chinese to be a lower race," said Yevgeniy Kotov, 23, a student in Vladivostok who echoed a popular sentiment in the city. "Nazdratenko was standing up for our rights. The expulsions were long overdue." Mr Nazdratenko's critics accuse him of inflaming potentially explosive nationalist passions as a way of deflecting allegations of corruption in his administration and whipping up nationalist support among the disaffected population.

Vladimir Myasnikov, an expert on Sino-Russian affairs at the Institute of Far Eastern Studies, said that the Governor's attempts to unpick the historic treaty agreement could have a dangerous fallout for Russia. "We negotiated this treaty in 1991 when the Soviet Union still existed and when we were still a superpower. Since then our strength has declined and China's strength has increased," he said.

"If we reopen the argument over these small pockets of land they could reinstate their demands for more than a million square kilometers of our territory. He is playing a very dangerous game."

Although Russia's military might has traditionally kept China in check, for the first time in 400 years there are clear signs that Peking is now in the ascendancy. China's fast expanding economy has been matched by a military buildup and a more aggressive regional policy, highlighted most recently by its dispute with the Philippines over the Spratly Islands.

As far as Russia is concerned, the Chinese sent a powerful message to Moscow only last month, when they detonated an underground nuclear device on the day that General Pavel Grachev, the Russian Defense Minister, arrived on a visit to Beijing.

Tatarstan 'Democratic Choice' Convenes

954F2467A Kazan KAZANSKIYE VEDOMOSTI in Russian 6 Jun 95 p 2

[Unattributed report: "Russia's Choice Is for Uniting Democrats"]

[FBIS Translated Text] A conference of the republic branch of the Democratic Choice of Russia [DVR] party was held in Kazan last Saturday; about 40 delegates and guests participated. The conference was held within the framework of preparations for the party's all-Russia congress, which will be held in Moscow on 18 June.

The conference participants adopted a number of theses, which will be presented to the party congress—to consider their inclusion in its electoral platform and program. Among them is the demand for giving the Russian Federation Constitution precedence over treaty relations with Federation components; the unacceptability of mass violations of voters' rights in elections to representative organs of authority; and the impermissibility of violating the rights of citizens who are not members of the titular ethnic group in Russian Federation republics. In the opinion of conference delegate Marat Ovchinnikov, in order for the DVR to conduct an effective election campaign, special attention should be devoted to educating the voters as to what choice precisely Russia is facing, of which at this point the majority of the population is not aware. The party's electoral platform should clearly reflect the need to create an independent judiciary as the third branch in the country, and to ensure civil rights. These proposals also were adopted for consideration at the party congress.

According to Aleksandr Shtanin, chairman of the DVR's Tatarstan branch, the republic branch and the party as a whole take the position that all democratic forces should unite or at least coordinate their efforts in order to avoid disagreements of principle. "In our republic," he said, "we have to avoid disagreements and clashes with nationalist organizations, since the sad experience of the past elections to the State Council showed that our republic's sovereignty served the nomenklatura instead of the nation and the people."

Conference participants elected delegates to the all-Russia congress of the Democratic Choice of Russia party. They are: Valentin Mikhaylov, a State Duma deputy and member of the Russia's Choice faction; Aleksandr Shtanin; Marat Ovchinnikov; and party members from Bugulma Yuriy Tiglev and Vadim Izmaylov.

Tatarstan Presidential Apparatus Viewed

954F2433A Kazan PLOSHCHAD SVOBODY in Russian 1 Jun 95 p 1

[Interview with Valeriy Vasilyev, director of the Control Directorate of the Tatarstan Republic President, by journalist Yevgeniy Aksenov; place and date not given: "Not To Destroy, But To Create"]

[FBIS Translated Text] [Aksenov] Valeriy Pavlovich, I will begin with what is perhaps not the most important issue, but rather the most "painful" question. Establishment of the Control Directorate of the Tatarstan Republic President, which you head, provides us an occasion to return once again to a favorite topic of popular interest. Here we have yet one more administration structure, a new army of government officials with their personal cars and other privileges... What can you say about the staffing and budget of your directorate, unless, of course, such information is classified?

[Vasilyev] I understand your question, and there is nothing secret about the finances of the directorate. I can immediately calm the fears of your readers. Establishment of the Control Directorate of the Tatarstan Republic President does not entail any significant increase whatsoever in budget expenditures, insofar as the personnel manning requirements do not exceed 10 individuals. And in my view there will be no need in the future to create a large apparatus.

[Aksenov] Was the decision to create the presidential Control Directorate influenced by some specific event or events, or was it a planned measure, if I may express it that way?

[Vasilyev] No, this cannot be considered a decision made in extreme haste. It is the result of systematic effort and, if you will, a measure aimed at perfecting the system of executive authority in Tatarstan. After all, such structures exist throughout the world, including in the United States. They exist in Russia as well, both on the federal level—under the Russian Federation president, and on the Federation entity level.

[Aksenov] What are the main tasks and functions of the directorate?

[Vasilyev] The answer to your question is contained in a section of the regulations governing our directorate, a section so entitled, incidentally—"Main Tasks and Functions of the Control Directorate." Primarily these involve the execution of functions of presidential control over certain aspects of the activity of ministries and departments, the organs of executive authority of cities and rayons of the republic, enterprises, institutions, and organizations, and their responsible officials. It entails supervision of compliance with the Constitution and laws of the Tatarstan Republic, and with edicts and directives of the Tatarstan Republic president with respect to: the implementation of socioeconomic policy; the course of economic reforms and implementation of state programs; the use of state funds allocated for special purposes; and finally, the foreign economic activity of organs of executive authority of the Tatarstan Republic. In addition, the directorate will operate in accordance with specific instructions given by the president.

[Aksenov] Forgive me, but how can 10 people, even if they are all geniuses, deal with such a vast program of activity, especially since the listing of directorate functions, as I understand it, is not yet complete?

[Vasilyev] The regulations contain the answer to this question as well. The fact is that in exercising its functions, the Control Directorate interacts not only with structural subdivisions of the president's apparatus, and of the apparatuses of the State Council and Cabinet of Ministers, but also with other specific ministries and departments, judicial and law enforcement organs of the republic. And I am not simply quoting from a document here. We have already had our first experience of such interaction.

[Aksenov] Can you tell us about this in greater detail?

[Vasilyev] Right now, at the direction of the president, we are studying the state of settlement transactions with agricultural producers for delivered production output. We are analyzing how commodity flows are moving in one direction, and finances—in another. During the course of inspection by the commission, which includes representatives of the Ministry of Agriculture and Foodstuffs, the Ministry of Trade, and holding companies engaged in meat and milk processing, with participation on the part of the heads of administration of Kazan and Naberezhnyye Chelny, and representatives of the State Committee on the Economy and the National Bank, a number of negative aspects in this process have already been identified. Mechanisms have been found that will enable us to reduce the money-flow time by at least half. After all, settlements with agricultural producers sometimes drag on for 45-50 days. The money devalues significantly over this period as a result of inflation, and interest in production decreases. Meat is shipped to other regions where transaction settlements are effected immediately with ready money, and the numbers of livestock at personal farmsteads are reduced as a result. It is precisely this, for resolving these kinds of problems, that our directorate was established.

The presidential Control Directorate is not a bugaboo, though naturally everyone who has committed an offense before the law must get his just deserts. The way I see it, the main aspect of our work is based not on destructive principles, but on creative ones. As a result of analysis of the situation and information received, and following the drafting of decisions and proposals to improve and perfect legislation, we must improve the state of affairs. Not so much to grab violators by the wrist as to create the conditions under which violations would be impossible.

[Aksenov] In other words, the main task of the Control Directorate of the Tatarstan Republic President is to...?

[Vasilyev] Under conditions of the development of market relations, the main function of organs of control and supervision consists in monitoring the movement of financial flows, so as to safeguard these financial resources for the republic. Under today's conditions, the role played by control is further augmented by the fact that departmental control has practically ceased. In this regard, a great many enterprises not under state ownership have been established where control of any kind is virtually absent.

[Aksenov] Valeriy Pavlovich, generally speaking, an interview with a new appointee is supposed to begin with congratulations, not end with them. But there have been a great many painful questions surrounding your departure from the government. It is said that two bears—Mukhametshin and Muratov—cannot live in the same den. And since the former managed to have Vasilyev ("Muratov's man") "squeezed out," that means the first deputy prime minister will also have to leave. Naturally, it is in this context that the unsophisticated reader perceives your transfer to a new position. How do you see your new appointment?

[Vasilyev] Look, you and I have already discussed the extremely broad authority of the Control Directorate of the Tatarstan Republic President. This is probably the best answer to your question. As far as rumors concerning the presumed resignation of Ravil Muratov are concerned, let them remain on the conscience of an anonymous author. As far as I know, Ravil Fatykhovich has no intention of going anywhere right now. Moreover, he continues to head the governmental commission on development of the Tatarstan Republic State Program for Economic and Social Progress. If we are talking about my joint work with him, this remains essentially uninterrupted. The activity of the Control Directorate will be maximally effective only if we have continuous interaction with the government. After all, if you want to discuss personalities, we all have one objective—to see to it that economic reform proceeds.

Economic Issues

Summary of Economic Development in Jan-May

MM0606145495 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 6 Jun 95 pp 1, 6

[Unattributed account of "Report by the Ministry of the Economy to the Russian Federation Government on the Results of Russia's Socioeconomic Development Over Five Months": "The Economy: From Decline Toward Stabilization"]

[FBIS Translated Text] The development of the economic situation during the first five months of 1995 is characterized by a trend toward macroeconomic stabilization, although the movement toward stabilization along a series of avenues is progressing more slowly than envisaged in the government's program.

So far there has been no success in neutralizing the factors that prevent a steady and stable enhancement of economic activeness and the growth of the population's real disposable income; inflation remains at rather a high level and the volume of investment is still being reduced.

The month of May this year saw, for the first time in the last few years, a growth of the basic macroeconomic indicators — the GDP, industrial output, and retail trade turnover — not only against the previous month (April) but also against May of last year.

In May 1995, the GDP exceeded the April level by 2 percent, and the May 1994 level was also exceeded. There are signs that the economy is gradually beginning to make up for the decline of production that occurred over the last few years.

There was no change in the direction of the trend toward changing the structure of the GDP, although the intensiveness of this process slowed down. There has been a reduction in the proportion represented by supply and sale of goods while the proportion represented by services has increased. The faster growth of prices for services remains the basic factor of this change in the structure of the GDP.

The results of the first five months of 1995 show that the physical volume of retail trade turnover declined somewhat. This is due primarily to the decline of effective demand by the bulk of the population. The growth of consumer prices over the first five months of this year reached 165.5 percent against 161.6 percent over the same period last year. In cost terms this was somewhat compensated by a decline of the real volume of consumption of goods and services by households and, on the whole, the share of household expenditures in the GDP utilization suffered an insignificant decline.

The continuing reduction of real domestic demand leads to a reduction of GDP resources channeled into final consumption and gross domestic accumulation. On the other hand, increasing export deliveries of output precondition an increase of the positive foreign trade balance.

The consistent slowing down of the rate of inflation is another important macroeconomic trend. Having reached the 18-percent mark in January, the consumer price index stood at 11 and 8.9 percent in February and March respectively. In April the inflation index stood at 8.5 percent, approximately the March level, and is estimated to have reached 7.5-8 percent in May.

The reasons for the slower than expected reduction of the rate of price rises are as follows: First, the extremely slow process of restoring the confidence of economic agents and the population in the government's money-credit and budget-taxation policies and in the national currency in the wake of "Black Tuesday," and consequently, the persisting high inflation expectations.

The inflation expectations were also encouraged by the continuing decline of the ruble's rate of exchange against the dollar at the beginning of this year. In February the rate of this decline was at the level of domestic inflation. In March it was even higher as a result of the active purchase of foreign currency for the Central Bank's reserves during the period in question.

Second, the substantial difference between the level of domestic consumer prices in Russia and the level of world prices, as well as the nature of the movement of the former toward the latter. The ruble's decline against the dollar, which occurred in September-October last year and made Russian- produced goods relatively cheaper, was a factor of intensive price rises over a period of several months. The dynamics of the movement of price levels in Russia in relation with world prices, which prevailed at the end of 1993 and the first half of 1994, was restored only in February this year. In March, however, due to the dollar's "weight gain" against the ruble, domestic prices were again reduced against the level of world prices.

Third, the gradually lengthening period of time during which changes in the volume of money in circulation produce corresponding changes in the rate of price rises. Whereas this period was three-four months when reforms were launched, it was estimated to have already reached five-six months by mid-1994; at present the money being emitted is slow in reaching the consumer market because it is being held back at different "levels" of the financial system, which has become more complex and more ramified.

The effect of the hardening of money-credit policy since last fall was to noticeably reduce the rate of growth of money in circulation in January-April 1995 but, as a consequence of the large volumes of foreign currency purchased by the Central Bank during this period, the dynamics of money supply went beyond the framework of the financial program for 1995. Therefore, a tangible reduction of the inflation index can be expected only in the summer of this year, the rate of price rises is estimated to reach 4-5 percent per month, and the main problem will be to hold back the inflationary wave in the fall.

During the first five months of this year industry experienced an intensive progress of the processes of structural restructuring of production associated with changing forms of ownership during the second stage of privatization, the enterprises' quest for their own niche in the market economy, the formation of all-Russia and local markets, and the expansion of the export of individual categories of output. All these processes are proceeding in conditions of tough money-credit and budgetary policies.

One positive factor to be noted is the fact that a whole series of enterprises are actively adapting to market conditions and are assimilating new categories of output enjoying stable demand on the Russian and foreign markets alike (the Nizniy Novgorod and Tolyatti automobile plants, "Uralmash," and a series of others).

Unfortunately, the bulk of enterprises have yet to find their niche in the market economy, lack a steady stream of orders, and operate erratically (Moscow's ZIL Plant is a typical example).

The situation is more serious in the third group of enterprises whose output is unable to compete with imported goods. These are primarily enterprises in the radioelectronic and light industries.

The decline of industrial output has been gradually slowing down for a long time now, and its stabilization is under way. According to preliminary data, May saw a slight increase in the volume of industrial output which will be 1 percent against April this year and May last year. This is the first month when there has been a slight growth, but nonetheless a growth, of output. Over the five-month period the decline of industrial output production will be approximately 4 percent, which is several times less than in January-May last year.

The growth achieved in May was secured primarily thanks to a growth of the output of ferrous metallurgy that is gradually extricating itself from the crisis. Over the five months the volume of output in this sector increased by 10 percent compared with the same period last year. The sector's largest enterprises — the Novolipetsk, Cherepovets, Nizhniy Tagil, West Siberian, and Oskolskiy metallurgical combines — stabilized production and considerably expanded their output deliveries for export. The Magnitogorsk combine stabilized its work on the basis of ensuring output deliveries for the domestic market and for export. At the same time, these and other enterprises in the sector are improving the structure of production by increasing the smelting of oxygen-converted steel and expanding the output of suitable cast blanks.

The situation has improved in the chemical and petrochemical industries, which are increasing the manufacture of a whole series of categories of output (mineral fertilizers, chemical fibers and yarns, synthetic rubbers, and others). Furthermore, many enterprises (the "Ryazanskiye Khimicheskiye Volokna," "Tverkhimvolokno," and "Klinvolokno" Joint-Stock Companies) are delivering a considerable proportion of their output to the external market.

The fuel and energy complex is operating in a relatively stable fashion, meeting domestic fuel needs and increasing oil and gas deliveries for export. It is expected that the export of crude oil in January-May had reached 48.8 million tonnes (103 percent of the amount for the corresponding period in 1994), including 38.2 million tonnes to countries in the far abroad (about 108 percent of the amount for the corresponding period in 1994) and 10.6 million tonnes to CIS countries (about 90 percent of the amount for the corresponding period in 1994). At the same time, many questions still remain unresolved. Due to financial difficulties, the joint-stock companies and the oil companies are not implementing in full the necessary package of geological and technical measures to stabilize and increase the pool of functional wells and this is causing a decline, though slow, of oil and gas extraction.

A stabilization of production is occurring in the machine building complex due to the enterprises' growing adaptation to demand limitations. Output is increasing in the automobile industry, in tractor and agricultural machine building, and in individual branches of equipment making. Unfortunately, so far there has been no stepping up of demand for the output of investment-oriented machine building, and this is due to the overall reduction of capital expenditures.

The lumber and wood working industries are in a complex situation. Procurements of timber and lumber have declined due to the lack of all-weather timber-carrying roads and the decommissioning of timber-carrying dirt roads caused by the spring thaw. The relatively weak competitiveness of our country's output is having its effect. The situation is better in the pulp and paper industry, which has increased the production of pulp (by 30 percent), paper (by 10 percent), and cardboard (by 20 percent); deliveries for export are also increasing.

The worst decline in output can be observed in the sectors manufacturing consumer goods. Due to strong foreign competition, light industry's output has declined by 35-40 percent compared with the first five months of last year. In the process, the manufacture of cotton textiles and knitwear has been almost halved, while footwear manufacture has declined by one-third.

In agriculture, the sowing campaign is close to completion despite the complexities created by the organizational restructuring, the condition of equipment, and the supplies of fuel and lubricants. As of 22 May, spring crops had been sown on an area of 49 million hectares, including 33.5 million hectares sown to grain crops, 3.4 million hectares sown to sunflower, 1.1 million hectares sown to sugar beet, and 2.3 million hectares sown to potatoes. Taking into account the remaining areas sown to winter grain crops, the area sown to grain crops for this year's harvest is 44.3 million hectares or three-fourths of last year's area.

At the same time, livestock breeding finds it impossible to extricate itself from the crisis. The head count of all categories of livestock is still declining, and consequently the procurement of meat, milk, eggs, and other produce is being reduced.

The foreign currency market. The U.S. dollar exchange rates quoted in May showed a steady downward trend. This was conditioned by greater activity on the state short-term bonds market, which accumulates quite high volumes of cash, as well as by the measures undertaken by the Central Bank which significantly reduced the amount of uncommitted funds held by banks. The expansion since May of the range of bank assets falling under the mandatory reserve requirements has aggravated the shortage of rubles, as evidenced by the large-scale sale of foreign currency by commercial banks. The amount of foreign currency offered at the Moscow Interbank Currency Exchange [MICE] increased substantially (by 57 percent) in April, and went on to increase still further in the 29 days of May to reach $3,024 million, which is almost 8 percent more that the previous month's level. Compared with April, demand for U.S. dollars declined (by 10 percent) as a result of which the initial ratio of demand and supply in May showed a preference for the latter, and consequently the dollar exchange rate quoted at the MICE dropped by 2.2 percent in May (over a 29-day period).

This year the situation in the investment sphere developed under the influence of tough budgetary restrictions and an expansion of the volume of domestic borrowing to cover the budget deficit, which led to the diversion of financial resources away from possible investment in production. The inflationary background remain adverse on the whole.

Consequently, investment activeness remained low and the volume of capital investments in January-May this year declined by more than 20 percent compared with the corresponding period of last year. The proportion of the GDP represented by capital investments in the first five months of this year is estimated at 12 percent against 14 percent in January-May 1994.

At the same time, the opportunities to swell the inflow of capital to trading and middleman activity or to the foreign currency market and divert it away from the sphere of material production are almost exhausted. Effective consumer demand for many commodity categories has been satisfied, the quantity and size of highly profitable commodity niches have been substantially reduced, and the foreign currency market has lost its attractiveness for speculative operations. Therefore, a considerable proportion of uncommitted capital cannot but switch to the sphere of material production.

With a view to enhancing investment activeness, the 1995 investments program envisages the channeling of state investment resources totaling 1.45 trillion rubles [R] for placement on a competitive basis. At present the Russian Ministry of the Economy has received 257 competing projects with an estimated cost of R22.4 trillion. The volume of centralized resources requested for them is R3.8 trillion (17 percent). Out of the total number of projects, 74 (29 percent) have been sent on to the Ministry of the Economy Experts Council, and the volume of centralized resources requested for them is R0.53 trillion (14 percent). The quantity and sectoral orientation of applications submitted for competition make it possible to draw a conclusion about the acceptability of the new form of state support for investments. Out of the total number of submitted projects, 30 percent are suggested for implementation in the agro-industrial complex, 37 percent in the constriction industry and the chemical and timber industry, and about 22 percent in the machine building and metallurgy complexes.

The volume of potential resources for investment has been expanded this year thanks to the revaluation of fixed assets and the opportunities for accelerated depreciation write-offs of fixed capital. According to estimates for 1995, the total volume of resources generated through depreciation deductions amounts to R165 trillion, which renders depreciation the basic source for the financing of investment programs by enterprises. Whereas in 1994 the relative share of depreciation deductions channeled into investment amounted to 49.2 trillion or 46.3 percent of the total volume of capital investments, the amount for 1995 is estimated at R101.6 trillion or 53.5 of the total volume of capital investments.

There has been development of the positive trend in non-production investment, primarily in housing construction. In January-May this year enterprises and organizations in all forms of ownership commissioned about 7 million square meters of housing, or 112 percent of the corresponding period of last year. This was largely achieved by increasing the volume of housing construction by individual and private developers and by enterprises and organizations in all forms of ownership.

The amount provided during the first four months of this year from federal budget funds by the Russian Ministry of Finance on a repayable or nonrepayable basis in implementation of the 1995 investments program, set at R18.8 trillion, was R3.45 trillion (18.4 percent). This included an amount of R2.3 trillion from the federal budget for repayment of debts for 1994 construction projects which are still outstanding and amount to R4.5 trillion in total, which hinders the assimilation of capital investments as regards construction projects and facilities carried over to 1995. The Russian Ministry of the Economy has elaborated and sent to the Russian Ministry of Finance a list of the most important construction sites and projects from 1994, which have benefited from the repayment of outstanding debts during the first and second quarters of 1995.

Against the background of the overall trend toward macroeconomic stabilization, the situation as regards the income and expenditure of Russia's population, especially in the labor remuneration sphere, remained acute in January-May. The total amount of money incomes of Russia's population in January-May 1995 stood at R296.5 trillion, which is threefold the amount in January-May 1994 but, bearing in mind that consumer prices increased by a factor of 3.2, this means that real incomes were reduced by almost 5 percent.

Moreover, the wages fund (R113.9 trillion) increased by a factor of less than 2.2 which, taking the consumer prices into account, means a serious reduction — by almost one-third — of its real value.

The social payments received by the population in January-May this year (pensions, subsidies, stipends, and other forms of social assistance) amounted to R44.5 trillion, which is approximately three times the amount paid in January-May 1994. Taking the price index into account, this means that they were almost 7 percent below the 1994 level.

The real value of incomes from entrepreneurial activity, financial and credit operations, sale of agricultural produce produced in personal subsidiary farms, and other categories of income increased by more than one-third.

As a result of the different dynamics of individual categories of incomes, the structure of money incomes underwent significant changes: The proportion represented by the wages fund, which is the main source of income for the overwhelming majority of Russia's population, was reduced from 52.3 percent in January-May 1994 to 38.4 percent in January-May 1995 (down to 36 percent in May). In contrast, the proportion represented by entrepreneurial incomes is becoming increasingly substantial (46.3 percent in January-May this year against 32.3 percent in January-May 1994).

The sharp reduction of the proportion represented by wages is due mainly to the fact that there was no indexation of the minimum wage during the first quarter of this year, as a result of which the minimum wage as a percentage of the able-bodied population's subsistence minimum fell to 89.34 in March this year (in 1992 this proportion was at least 18.6 percent) [figures as published]. The situation was somewhat improved following the adoption of the federal law on the indexation of the minimum wage from 1 April 1995 (raising it to R34,400) and from 1 May 1995 (raising it to R43,700).

The gap between the minimum and the average wage is steadily widening and is now measured by a factor of 11.3. Therefore, the average monthly wage remains low: It was only $77.8 in April and covered the subsistence minimum only 1.5 times (2.3 times in 1992).

Given the extremely low level of the average wage as a whole, there is a wide differential between wages in different sectors, enterprises, and categories of workers. Wages in sectors of the gas, oil extracting, and oil refining industries and in power engineering are largely determined by the extent to which enterprises are monopolized and the demand for the industry's output at home and abroad, while in the coal industry and in agriculture they are determined by the amount of wage subsidies and preferential loans.

A complex situation as regards wages prevails in the budget-funded sectors due to lags in indexation and delayed payments from federal and local budgets. Consequently, the level of wages earned by workers in the budget-funded sphere lags by a factor of 1.5-2 behind the level of wages in the economy's nonbudget-funded sector.

Essentially, wages still do not perform the function of a price for work force or a factor of development. In view of the fact that the real value of money incomes in the population's hands in January-May this year proved to be less than in January-May 1994, there was a substantial reduction (by 10 percent) of the real volume of commodities bought by the population.

Taking the increase of consumer prices into account, the average monthly per capita money income in January-May this year (R403,400) was 4 percent less than in January-May 1994. Moreover, the gap between the level of income earned by the 10 percent of the population with the lowest income and the 10 percent of the population with the highest income has widened from 12.4 times in January-May 1994 to 13.3 times in January-May this year. Some 14.7 million people or 10 percent of the population with the highest incomes (an average per capita income of about R5 million in January-April this year) already account for about one-third of all money income earned by Russia's population, while 60 percent of the least well-off population hold only 30 percent of the total money incomes of Russia's citizens. Some 45.1 million people, in other words one-third of the population, earn average per capita income which is below the subsistence minimum.

In May 1995 the number of unemployed and those registered with employment service organs was estimated at 2.2 million. Vacancies for workers notified by enterprises and organizations remain at 380,000, in other words there are on average six unemployed for each vacancy. The number of officially registered unemployed will increase to 2.4 percent of the total population of working age against 1.9 percent at the beginning of this year.

The highest number of registered unemployed are still in Ivanovo, Yaroslavl, Pskov, Kirov, Vladimir, and Kostroma Oblasts and the Republics of Kalmykia, Mordovia, Chuvashia, and Dagestan.

Ruble's Rise Recalls Run-Up to Black Tuesday

MM0806152195 Moscow IZVESTIYA in Russian
8 Jun 95

[Article by Association of Russian Banks expert Lev Makarevich under the general headline: "The Economy Groans Beneath the Heavy Burden of the Strengthened Ruble" — from the "Financial IZVESTIYA" section page I]

[FBIS Translated Text] Extremely strong pressure is being exerted on the government over the artificial lowering of the dollar exchange rate. This may be the reason for the Duma committee's failure to ratify Tatyana Paramonova as Central Bank chairman. In effect all the main sectors of the economy, which have long been thoroughly hooked on a depreciating ruble, have begun to sustain colossal losses. The public statements by top officials that everything that is happening is for real and represents a long-term trend are only inflaming passions.

The major losses are primarily affecting the main earners of hard currency — the exporters of oil, gas, coal, petroleum products, chemical fertilizers, metals, timber, lumber, and output from other energy-intensive and environmentally "dirty" production facilities, who enjoy a relatively favorable climate in world markets. It is thanks to them that the slump has slowed down, which has given those same top officials the opportunity to talk about the start of stabilization. Although one of the main conditions for stabilization is growth in domestic demand, of which there is not the remotest sign.

The military-industrial complex is also interested in continuous devaluation of the ruble, as it can fight to regain its lost international markets only given continued depreciation of the Russian currency. A rising ruble and sinking dollar stimulate imports, especially of food, which is a blow to the agro-industrial complex, whose output becomes utterly uncompetitive. The increase in import duties will provoke an increase in food prices (and accordingly in social tension, which is the last thing the authorities want before the elections) in major metropolises (Moscow, St. Petersburg, Yekaterinburg, and others), which are 50-75 percent dependent on deliveries of foreign foodstuffs.

Nor is the rising ruble any protection against imports of everyday goods and consumer durables. As a result Russian producers are increasingly being squeezed out of the domestic market. For them, too, the only protection from foreign competition is a constantly sinking ruble.

There are growing suspicions among financiers that the latest exchange rate games launched by the government and the Central Bank are very reminiscent of last year's currency scenario for "Black Tuesday," 11 October. Admittedly with a few variations. Banking circles see a possibility that, when the outcry about losses because of unprofitable exports becomes a Russia-wide chorus and has reached a crescendo, the ruble "will be allowed" to fall to a level of between 6,000 and 8,000 to the dollar, which will restore the former profitability of export output. After this the exchange rate may be officially pegged at that level in an attempt to knock inflation back to the 1-2 percent promised to the IMF. To achieve this the Central Bank would have to maintain this exchange rate ratio for at least a year.

This scenario requires several preconditions, which are apparently being actively created, first of which are sufficient gold and hard currency reserves. They have been considerably boosted in recent months thanks to the positive foreign trade balance, the purchase of dollars from banks for rubles, and revenue (although not in full) from foreign systemic credits.

Second, it is necessary to reduce banks' interventionist potential in the currency market, which has also been achieved. Following the example of futures trading at the Moscow Commodity Exchange, since "Black Tuesday" the preliminary deposit of funds for currency purchase and a 10-percent band for exchange rate fluctuation have been introduced at the Moscow Interbank Currency Exchange. As soon as prices exceed the specified limits, trading is suspended. The next auction starts from the new level. Neglinnaya Street's [site of Central Bank] recent reserve demands have also been a severe drain on banks with regard to practically all accounts. Many have been forced to sell considerable sums of hard currency in order to come up with the mandatory ruble payments to the Central Bank. They are also having to cut investment programs and lending, reduce payments on deposits and dividends, and make other financial sacrifices.

If in these conditions mandatory 100-percent sale of currency is introduced and the ruble is allowed to slide until the fall, when, after a lag of four or five months, the monetary and credit "injections" of the spring and summer will percolate through to the market, it may be possible to avoid the unplanned upheavals and banking free-for-all seen last October. While a devalued ruble will stimulate production and exports, there is scarcely enough of a safety margin for systemic transformation of the economy. The structural barriers that have formed because of the endless postponement of market reforms and of the solution of the most important questions — land, private ownership, and so forth — are too great. Any oxygen masks for state capitalism merely prolong its agony.

Yasin on Ruble Rate, Foodstuff Import Duties

MK0906081095 Moscow SEGODNYA in Russian 9 Jun 95 p 1

[Report by Natalya Olenich under the "Loyalty" rubric: "Yevgeniy Yasin Does Not Think Moscow Government Is a Bunch of Delinquents"]

[FBIS Translated Text] Economy Minister Yevgeniy Yasin stated in a press conference yesterday: "I do not attach much importance to reports of a 1-percent growth of industrial production in May and the strengthening in the rate of the ruble, and I do not see it as signaling the end of the economic crisis." In his view, however, stabilization of the ruble can be regarded as the first success of the tough monetary policy. At present, the task before the government is to lend smoothness, regularity, and predictability to the process of strengthening the ruble without letting its rate fluctuate sharply. A whole number of measures are being developed with this objective in mind which will be implemented in the near future. The minister, however, did not specify these measures since "there are no corresponding decisions yet."

Dwelling on the raising of import duties, Yasin stated that these measures did not imply at all that the government is adopting protectionism and impinges upon the consumers' interests in a bid to protect the country's inefficient producers. In the words of the economy minister, the cabinet's policy proceeds from "strategic rather than immediate interests." The decision on extending value-added tax and special tax on imported goods made late in April, he thinks, only restored justice and put Russian and imported goods on an equal footing. As for duties on foodstuffs, the minister noted, they will be increased on average by as little as 4 percent, for which reason Yasin cannot see grounds for forecasting a 30- to 40-percent rise in foodstuffs' prices.

The economy minister thinks the Moscow government's assumptions contain "bad mistakes." Yevgeniy Yasin does not think the raising of duties on imported foods is going to stimulate the country's agriculture; from the minister's point of view, however, this measure will allow the agro-industrial complex to "hold out." Besides, the raising of duties is a "fiscal measure" aimed at getting additional revenues for the budget.

On the contrary, the economy minister counseled the journalists to think "about the wisdom of the campaign against the raising of import tariffs." Stating that he cannot agree 100 percent with Anatoliy Chubays' sharp utterances on this subject, Yasin, however, did not rule out that the panic that started in the mass media benefits certain people.

New Import Tariffs Will Raise Food Prices

LD0706153795 Moscow INTERFAX in English 1221 GMT 7 Jun 95

[FBIS Transcribed Text] Moscow, June 7 (INTERFAX) — Increased import tariffs for food products to come into effect in Russia from July 1 and a new 10% VAT and 1.5% special tax for imported food products established late April will lead to a one-off increase of retail food prices by 16%-35% not including their growth caused by inflation, Deputy Chairman of Russia's Trade Committee declared to INTERFAX.

Anatoliy Zheglov thinks that this will inevitably lead to additional expenditures from the federal budget in order to index wages, pensions, and other benefits because this January-April about 30% of Russia's population had incomes below the subsistence minimum, and for them to cut further their food consumption would be impossible.

According to the committee, as a result of new measures aimed at cutting down on imports in July-August, the cost of imported beef will increase by 40%, of butter - 20%, dry milk and baby food - more than 30%, vegetable oil - 30% and sugar - 20%. With the market deficit and ill-timed introduction of customs tariffs (in particular, in summer agricultural enterprises practically do not kill cattle and the presence of domestic meat on the market is minimal) domestic producers "will obligatorily raise prices for their production to the new level."

Zheglov pointed out that the trade committee is in complete control of the situation and the country will get its essentials. The committee will also regularly report on the situation to the country's leaders. Because of their analysis of this situation, the committee can make the conclusion that the introduction of new customs tariffs "has been inappropriately thought over."

In particular, Zheglov believes that new 20-percent import tariff for butter can really protect domestic agricultural producers and will not affect the population's supply provided it is in force from June 1 till October 1 when the country experiences its peak in domestic production and there are Russia's own products on the market. At the same time the country cannot entirely reject imported butter. For example, this January-April trade organizations sold more than 184,000 tonnes of butter to the population whereas domestic production was only 83,000 tonnes. The situation with meat is the same, under the domestic production amounting to 1.7 million tonnes over four months, trade organizations sold 2.3 million tonnes.

Zheglov also expressed concern about the fact that the VAT and special tax cover those food products and raw materials which are shipped to Russia at the expense of other countries' debts. "The increased taxation makes these goods uncompetitive on the Russian market, as a result, the state does not receive revenues in the budget and is deprived of the possibility of returning the debt."

Economic Stabilization Foreseen by Fall

954F2451A St. Petersburg
SANKT-PETERBURGSKIYE VEDOMOSTI in Russian
2 Jun 95 p 4

[Interview with Otto Latsis, well-known economist and member of the Presidential Council, by Karl Rendel, SANKT-PETERBURGSKIYE VEDOMOSTI correspondent; place and date not given: "Stabilization Is Possible by Fall"]

[FBIS Translated Text] [Rendel] We hear the assertion almost daily from high government officials: Inflation will begin to decline in the very near future and will not exceed 1-2 percent by the end of the year. Does it not seem to you that the unwarranted optimism in high spheres has only one aim—to set people at ease just before the new elections to the higher echelons of authority?

[Latsis] You asked me not just one, I do not know whether intentionally or accidentally, but two questions at once. One of them is whether the forecasts about the rates of inflation are reliable, and the second—whether this is good?

I think that the forecasts are reliable to a very high degree. There is a rather strict connection between the volume of money supply and the rate of inflation. In the fourth quarter of last year the money supply increased each month by 6 percent, and in the first quarter of this year by only 1 percent, so it is possible to expect a slowing down in the rate of inflation by the end of summer and the beginning of fall.

A reduction in inflation to 3 percent per month is possible with two reservations. First: if the Chechen war does not have an effect on this. We do not know now how long it will last and how much money will be spent on it. But already today, whatever might be said, this war will create financial tension. And the second reservation: the unpredictability of our policy, which affects our economy immediately.

[Rendel] I want to note that quite a few economists place the development and protection of production in the forefront as a necessary condition for a reduction in the increase in prices.

[Latsis] This is nonsense! Moreover, if economists are talking this way, they simply are behaving disgracefully. Maybe "some of the public" do not understand the essence of the question completely. But when some of my colleagues of the S. Glazyev type declare something like this, they are simply being sly. What kind of idiot will invest money in the development of production given such inflation?! Even in the Japanese variant, money should recoup itself within two years, and inflation will eat up everything or almost everything you have while you are building up production. Naturally, it is better to invest money in trade where capital turnover is the shortest, or go into money speculation, where a large income can be acquired in several hours. Or engage in the structuring of an MMM pyramid.

A certain strata of people interested in continuing inflation has already been formed in Russia. There are politicians who only win from today's political instability, and there are businessmen who are getting rich on the economic instability.

[Rendel] Consequently, these people will oppose changes for the better in every way?

[Latsis] Naturally, that is why I think that today real economists must not play into the hands of people who are trying to derail reforms. A lowering of inflation, for example, even of 3 percent per year is a condition that in itself will not guarantee an increase in production. But without this there can be no question of an upsurge. A drop in investment activity is especially dangerous today.

[Rendel] But, after all, you yourself just said that there is no reason to invest money in the development of production while inflation is present.

[Latsis] Structural perestroyka is going on under which whatever enjoys demand is produced and manufactured. The results of the work of industry in the first quarter showed that we have begun to produce 17 percent more tractors. More could have been produced, but the factor of the insufficiency of modifications is having an effect. St. Petersburg's Kirovets Plant is producing even rather good heavy machinery, but not everyone needs it, and Kazakhstan, where they dream of the Kirovets tractor, does not have the resources to pay for it. The Rostelmash tractors are of a low quality. When they were practically given away as gifts previously—they were grabbed, but now the people have become smarter, and they do not want to throw millions to the winds. It is the same with the 6-tonne trucks. They were ready to take them free of charge, but now they are seeking Gazelles. Well done, Nizhniy Novgorod residents!

The output of buses, passenger cars (the Volga Automobile Plant conveyer has started to work), railroad coaches, agricultural land improvement equipment, and machine tools is increasing.... Incidentally, at the well-known Krasnyy Proletariy Plant I was recently told: "Previously we were idle because there were no orders. Now there are orders, but there is no working capital. If we are fed just a little investment—the work will succeed!" It is a good sign when there are orders and only working capital is needed.

A definite increase is occurring in ferrous metallurgy and petroleum chemistry. Imports are squeezing our food and light industries. The fact that many monopolists remain in the food industry in this country who are simply robbing the peasants, and they still do not have a sufficient number of their own processing enterprises and trade network, is having an effect. The situation in light industry got worse after the breakup of the USSR, when textile workers were left without raw materials, without cotton, and even their equipment was pretty well worn out. It is necessary to switch to the traditional Russian raw material—flax. I was just in Kostroma. Textile workers there are working at full force processing their own flax. They have no worries about sales, the governor told me. That is the way it should be under structural perestroyka—each enterprise works on those articles for which there is a demand, and creates the conditions for increased production.

[Rendel] Yet even though the slump in production did slow down, it is continuing, but the ministers of finance and economics are trying to convince us that the 1995 budget is more realistic than the 1994 budget. Do you believe them?

[Latsis] I would put it another way: The 1995 budget is less unrealistic than its predecessor. It is very tight, and it has many reefs. Just in the first quarter it suffered two blows, both of them associated with the Chechen war. No matter what is said, the war takes away a lot of resources every day, and no one undertakes to say how long it will last. Because of political considerations associated with Chechnya, the IMF held back the granting of $6.6 billion in credits. They were "broken down" beforehand into quarters. And the government did not receive the amount it took into account in the budget for the first quarter. Even if the West continues its extension of credits, it is already clear that the fourth of the allocated sums will arrive at the beginning of next year. Both of the blows I talked about are being felt very deeply.

[Rendel] Well, what is there to rely on now?

[Latsis] First of all, on our own forces and capabilities. In the first quarter exports and the favorable foreign trade balance increased. The government received more means from the sale of hard currency resources. This produced more than was expected. In a word, it extricated itself. Unfortunately, at the expense of a reduction in expenditures for social needs. We see this very well in the record rates in the growth of unemployment in the past quarter.

I think that this is especially reflected in St. Petersburg, where there always were a lot of giant defense plants. It is necessary to be seriously concerned today about retraining hundreds of thousands of people, supporting small and average-sized enterprises, and creating new jobs. Unemployment has also hit the textile oblasts and rayons of the Far North very hard. It is bad that the intelligentsia attitude still lingers in some people. "So what! They got accustomed to unemployment in the West a long time ago!" But we have not gotten accustomed to it and do not want to get accustomed to it! But then, it is necessary to fight against unemployment and to remember that many troubles stem from it, including the increase in crime among the youth.

Furthermore, we need a tough economic regime. Very tough! Even in a by no means poor country like Great Britain, the prime minister personally thinks about how much the reception of the head of a friendly state will cost and whether it is possible to reduce expenditures on the cabinet of ministers and defense. I studied documents of the period of our NEP [New Economic Policy] and discovered quite a few examples of how concerned they were at that time about economy, and asked, have we become so rich that we can squander money left and right?! Or take an example: Our army has been reduced in number, but the number of general billets is much greater. We have accumulated so many munitions that there is nowhere to store them. But it turns out that a very important strategic center is not paying on time for the electric power it consumes.

[Rendel] The problem of nonpayments has become chronic and has been plaguing our economy. Many millions of excellent workers are suffering as a result of this. Wages are not paid to teachers, doctors, and scientists for months. They have become the most unfortunate in our country.

[Latsis] Awful things are really happening with science. We are losing talented scientists. I agree that the government is making a serious mistake here, and, if it is not corrected, tomorrow will be too late. Kurchatovs and Korolevs are not born every day! Indeed, training a good doctor or teacher or first-class builder is not a simple matter. It is necessary to value them, appreciate them, and not squander them. As for nonpayments, each specific case has to be specifically analyzed.

There are a lot of stratagems that dishonorable managers take advantage of precisely in inflation conditions. That same wage is artificially delayed and "rotated" either through banks or hard currency auctions. And that billion that was not paid on time brings them at least another 100-200 million. Whether these people pocket these millions or use the money somehow depends on their adroitness....and integrity. But what kind of integrity is it if they cheated their own workers?!

Unquestionably the government is also to blame for this. They should have unleashed their "special dogs"—the tax departments—on the shady dealers, confiscated any unjustly acquired money, and forced employers to index withheld wages.

[Rendel] Is there at least some hope that, to use your figurative comparison, spring will come, and we will see summer right after it?

[Latsis] I want to believe this very much! In the first quarter real wages were one-third less than a year ago. But this did not have the ruinous effect on the standard of living that could be expected. This is why: Wages now make up less than half of the income the population receives. They also fell last year, but the order of figures was as follows: Real wages decreased by 4 percent, but real incomes increased for the year by 15 percent. Since the beginning of the year real wages have fallen by 33 percent, and real incomes have also fallen, but only by 4 percent. These are echoes, without doubt, of "Black Tuesday" and the Chechen war. But the revival of the economy will become more and more noticeable, and we will succeed in stabilizing the situation to a certain degree by fall, if no serious excesses occur before that time.

Economics Institute Predicts Summer Industry Output

MM0906095595 Moscow KOMSOMOLSKAYA PRAVDA in Russian 9 Jun 95 p 3

[Report by Aleksandr Lyasko: "Sausages Are Dying Out, Not Being Sold"]

[FBIS Translated Text] Scientists from the Russian Academy of Sciences Economics Institute headed by Aleksandr Frenkel have predicted the state of industrial production by the summer of this year. According to their calculations, the rate of decline will slow down considerably to 6 percent compared with as much as 28 percent in the first half of 1994. The fuel industry will suffer least: As much oil will be extracted as last year, while gasoline production will fall by only 2 percent. Petrochemicals and ferrous metallurgy are doing quite well because of increased export orders. Light industry, however, has totally collapsed: The remaining fragments of our sweaters and shoes will be eaten away by recession by a further 40 percent.

Apparently such a quantity of money has accumulated in the cities that motor vehicles are experiencing a real boom: In the first half of the year, the increase in the production of bulldozers will be 33 percent, buses 7 percent, and cars 10 percent. But that is one of the very few growth points in the consumer goods sphere. After last year's upswing, the production of refrigerators and freezers has fallen by 32 percent (despite the hot weather!). Russian-made washing powders and radio receivers are more or less keeping afloat (98 and 94 percent of last year's level), despite being constantly squeezed by the Ariels and the Sharps. But food, which the president is so proud of, is showing almost no sign of life. The situation is particularly tragic with regard to meat and sausages. Compared with the first half of 1994, they are down 34 and 26 percent, and if you compare them to 1989, a good year, the decline in sausages is 73 percent, and meat is down 72.

But there is one bright spot in the life of our foodstuffs. By the summer, the production of mineral water and nonalcoholic beverages will be revived. The vodka and liqueur industry will have soared to the level of 119 percent of the low-drinking Gorbachev days.

What will become of our industry thereafter? We will venture to make our own prediction. The lifting of restrictions on oil exports will lead to the bulk of the oil being extracted with an eye to the foreign market, while Russian gasoline and diesel fuel prices will make their way up to world prices quite quickly, in 12-18 months. Steel, pig iron, and rolled metals will be boosted by a rapid construction boom — which, unfortunately, has happened not here, but in foreign countries such as South Africa. Motor vehicles, for the most part, will be assembled only sluggishly, since the cost of components will increase twice as rapidly as the price of new cars and trucks. You can forget about serious machinery and high-tech equipment for the time being: The production of combines has this year fallen to a risible 3 percent of the level of the late eighties, while in the same period an army of 400,000 people have been dismissed from scientific spheres, where they invent plenty but don't get much to eat.

International Affairs

Kuchma, Yeltsin in 'Productive' Meeting

LD0906074695 Moscow ITAR-TASS in English 0738 GMT 9 Jun 95

[FBIS Transcribed Text] SOCHI June 9 (ITAR-TASS) - Russian President Boris Yeltsin and his Ukrainian counterpart Leonid Kuchma completed their one-to-one meeting on the disputed Black sea fleet Friday [9 June] and agreed to sign two documents. However, there would be no planned meeting between the Presidents and their delegations, according to Yeltsin's spokesman Sergey Medvedev.

"The one-to-one meeting between the Presidents of Russia and Ukraine has been just completed and there are all grounds to say that it was productive", Medvedev told reporters.

He added that the delegations are now working on two final documents which will, most evidently, be an agreement and a communique.

The documents are expected to be ready in an hour and signed in two hours.

Medvedev told TASS that the planned talks of the Presidents and their delegations had been cancelled as the delegations had exchanged opinions during the one-to-one meeting between Yeltsin and Kuchma.

'Failure' To Resolve Black Sea Fleet Dispute

LD0906073695 Moscow ITAR-TASS in English 0718 GMT 9 Jun 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] SOCHI June 9 (ITAR-TASS) - The Russian and Ukrainian Presidents failed at an unofficial dinner Thursday [8 June] to ensure a breakthrough in the long-standing dispute over the Black sea fleet and Russia continues to resolutely oppose the Ukrainian idea of a joint naval base in Sevastopol for the future two fleets.

"So far no major shift at the Russian-Ukrainian talks on the fate of the Black sea fleet was ensured", a high-ranking source in the Russian delegation told Tass Friday on conditions that he was not named.

The source added that expectations that a breakthrough might be achieved between Boris Yeltsin and Leonid Kuchma at the unofficial dinner yesterday "practically did not come true".

Moscow continues to view the Ukrainian proposal about the joint naval base for the Ukrainian and Russian parts of the fleet as "unrealistic", the source said, but added that the Kremlin is ready for a certain compromise in interpreting the notions of Sevastopol-city and Sevastopol-base.

Dmitriy Ryurikov, foreign policy aide of Boris Yeltsin, actually confirmed that the parties differ in their positions on the disputed Black sea fleet also after a night of intense consultations between experts.

"Now there is a crystal clarity regarding the positions of each other and the presidents will try to bring them closer together", Ryurikov said.

The main stumbling block is that Russia wants to have the fleet main base in Sevastopol fully at its disposal and to move Ukrainian Navy to nearby ports. Ukraine objects and proposes to share the Sevastopol base in Crimea.

The high-ranking source in the Russian delegation said Moscow would insist on fully controlling the main base of the fleet in Sevastopol and wants to deploy its ships in the bays of Karantinnaya, Yuzhnaya, Sevastopolskaya and Streletskaya. It also wants to get two military airfields in the outskirts of the city and a number of communication objects.

Kiev wants to have complete control over the bays of Karantinnaya and Streletskaya and to have some objects in the bays of Sevastopolskaya and Yuzhnaya at its disposal, as well as all the piers of the only refuelling base of the fleet.

Russia will insist at the talks on a full control over the four bays and is ready to temporarily provide some piers there to Ukraine until Kiev completes the construction of the naval facilities in Donuzlava and Balaklava which are expected to become the major base of the Ukrainian fleet, according to the source.

Kiev Presents Draft Agreement on Black Sea Fleet

LD0806194295 Moscow INTERFAX in English 1926 GMT 8 Jun 95

[FBIS Transcribed Text] SOCHI, June 8 (INTERFAX) — Ukraine handed Russia a draft of the framework agreement on the division of the Black Sea Fleet at talks in Sochi, Interfax learned.

In particular, the draft says that Russia must withdraw its part of armaments, equipment and the means for supply of the coast defense, marines and naval aviation of the Black Sea Fleet from Ukraine not later than on November 15, 1995.

In line with the draft, Ukraine is ready to give Russia a place for basing its navy and the infrastructure on the terms of leasing.

To regulate the naval activities of the parties Ukraine proposed that zones be fixed, within which Russia and Ukraine would exchange information on the situation in these zones and in the areas of the waters of the Black Sea and the Sea of Azov. Ukraine also proposed that the zones of responsibility in the maritime and air space be clearly determined.

Ukraine proposed to conclude an agreement defining the principle of mutual responsibility for ensuring navigational and hydrographic and hydro-meteorological security in the territorial waters and the economic zones of the parties.

Sources close to the Ukrainian delegation told INTERFAX that Kiev proposed to Moscow to sign 11 agreements. However, Russia has yet received only the draft of the framework agreement.

Defense, Foreign Ministers Confident of Successful Summit

LD0806194195 Moscow INTERFAX in English
1908 GMT 8 Jun 95

[FBIS Transcribed Text] KIEV, June 8 (INTERFAX-UKRAINE) — Ukraine's Foreign Minister Hennadiy Udovenko believes that "a good basis for success" was created during the previous meetings between the Ukrainian and Russian presidents.

After the ceremony for the signing of the Constitutional Agreement in Kiev Thursday, Udovenko declared to journalists that the Ukrainian delegation goes to Sochi "with great hopes for solution of many problems."

Udovenko underlined that he attaches large significance "to the fact of the negotiations."

Ukraine's acting Vice Prime Minister and Defense Minister Valeriy Shmarov declared to journalists that "he has an intuitive presentiment, based on the recent efforts of experts, that the Ukrainian and Russian presidents will come to and adopt the only correct plan" to resolve the most difficult issue in Ukrainian-Russian relations, the Black Sea Fleet problem.

In his words, the parties have reached progress not only in the division of ships but on issues related to the infrastructure.

As Shmarov believes, the priority task is "to reach progress towards signing a comprehensive agreement between Ukraine and Russia to determine further Ukrainian-Russian cooperation."

Shmarov Departs for Brussels NATO Meeting

LD0806171695 Kiev UNIAN in Ukrainian
1445 GMT 8 Jun 95

[FBIS Translated Text] Kiev — A delegation of the Ukrainian military, led by Valeriy Shmarov, Ukrainian defense minister and deputy prime minister, left for Brussels today where it will take part in a NATO session of defense ministers, UNIAN has learned from the Defense Ministry press service.

The session, to open on 9 June, will look at European security issues and the prospects of the Partnership for Peace program.

UNA-UNSD Protests Leader's Detention in Chechnya

LD0806195195 Kiev UNIAN in Ukrainian
1800 GMT 8 Jun 95

[FBIS Translated Text] Kiev — On 8 June, members of the Ukrainian National Assembly-Ukrainian National Self-Defense [UNA-UNSD] picketed the Russian Embassy in protest against the detention by Russia's Federal Counterintelligence Service [FCS] of Anatoliy Lupynis, one of that organization's leaders.

The UNA-UNSD press center reports that the FCS detained Anatoliy Lupynis almost a week ago as he attempted to evacuate from Chechnya a group of civilians composed mainly of women and children.

On 7 June the Ukrainian consulate in Russia sent a note of protest to the Ministry of Foreign Affairs of the Russian Federation. While the note states, in particular, that Lupynis is a member of the committee for matters of the social protection of servicemen under the Cabinet of Ministers of Ukraine, the Ukrainian side requests an exhaustive explanation and full report of his detention. No reply from Russian officials was received on 8 June.

The UNA-UNSD adds that the Ukrainian Foreign Ministry is to send another note of protest to the Russian Embassy in Ukraine.

National Affairs

President, Supreme Council Sign Constitutional Accord

LD0806132695 Moscow INTERFAX in English
1226 GMT 8 Jun 95

[FBIS Transcribed Text] KIEV, June 8 (INTERFAX-UKRAINE) — Ukraine's President Leonid Kuchma and parliament on Thursday [8 June] signed a so-called Constitutional Agreement, a compromise accord to end a prolonged confrontation over how to divide power in the country.

The signing ceremony was attended by the majority of parliament deputies and by foreign diplomats accredited in Ukraine.

"We have filled our determination to ensure civil peace, stability and concord in society with a concrete meaning," Kuchma said after he and parliamentary speaker Oleksandr Moroz put their signatures to the document. Political life in Ukraine "is consistently being built on democratic and legal principles."

What may take shape now is "a situation unprecedented in the recent history of Ukraine, with the president and government having the majority in parliament as their allies," the president said.

He said he would not like "anyone to have the illusion that some forces have won a victory over others." "What has won a victory is reason and restraint. All of us have won, and primarily the people of Ukraine," Kuchma said.

Kuchma Appoints Marchuk Prime Minister

LD0806133495 Moscow INTERFAX in English 1308 GMT 8 Jun 95

[FBIS Transcribed Text] KIEV, June 8 (INTERFAX-UKRAINE) — The Ukrainian president has appointed Yevheniy Marchuk as the country's prime minister. Leonid Kuchma spoke of signing an appropriate decree on Thursday [8 June] after endorsing a constitutional deal with the Ukrainian parliament (Verkhovna Rada).

The 54-year-old Marchuk, himself an ethnic Ukrainian holds the rank of army general. He was in charge of the country's security service from 1991 to 1994. He was appointed as deputy premier last July and has been the country's acting prime minister since March.

He is married and has two sons.

Kuchma also announced calling off a nationwide referendum planned for June 28 on trust in himself and the Rada which the latter vetoed on June 1.

Earlier, the president said he would be ready to annul the poll if the Rada approved the new power sharing arrangement.

'Text' of Kuchma, Moroz Constitutional Accord

WS0806134595 Kiev INTELNEWS in English 0322 GMT 8 Jun 95

["Special to INTELNEWS"]

[FBIS Transcribed Text] Kiev, June 7 — The following is the complete text of the constitutional agreement approved Wednesday [7 June] by the Ukrainian Parliament. President Leonid Kuchma and Parliament Speaker Oleksandr Moroz are scheduled to sign at a 12 p.m. Thursday Marinskiy Palace ceremony.

CONSTITUTIONAL AGREEMENT

...between Ukrainian Parliament and President of Ukraine:

On the basic principles of organization and functioning of state power and local administrations in Ukraine before adoption of a new Constitution of Ukraine

Ukrainian Parliament, as the sole legislative body, on the one hand, and,

President of Ukraine, as the head of state and executive power, on the other hand, i.e.,

The Parties subject to constitutional law that received their authority directly from the people, proceeding from the assumption that,

- lack of a new democratic Constitution of Ukraine hampers implementation of economic, political and legal reforms;
- rejection of the Law of Ukraine On Implementation of the Law of Ukraine On State Power and Local Administrations in Ukraine (Power Bill—ed.) and Amendments to the Constitution (Fundamental Law) of Ukraine in Connection with its Adoption aimed at implementation of the Law On the State Power and Local Administrations in Ukraine makes it impossible for the entire state mechanism to function properly both in the center and in provinces, restrains implementation of economic reforms and leads to further impoverishment of the majority of the population and aggravation of social conflicts;
- deep economic and political crises cause social tensions in society, its criminalization and political clashes between various power branches, in order to,
- avoid non-compliance between the current norms of the Constitution (Fundamental Law) of Ukraine and norms of the Law On State Power and Local Administrations in Ukraine and to introduce this Law into the system of legal acts that determine Ukraine's constitutional system;
- provide further development and successful completion of the constitutional process in Ukraine, desiring
- to provide adequate protection of human rights and freedoms under conditions of the current crisis;
- to provide reliable guarantees of existence of a sovereign Ukraine and to maintain integrity and inviolability of its territory;
- to reform state power on the principle of clear division of functions between the legislative and executive

branches of power as a necessary prerequisite for overcoming of economic, social and constitutional crises;
- to create political and legal conditions for implementation of economic reforms and the development of production and to provide financial stability and social protection for the population ;
- to prevent political clashes between various power structures that may have devastating consequences for the whole country and society,

taking into account:

-the positive experience gained in a lengthy discussion on the president's and Parliament's positions during the work on the draft Law On State Power and Local Administrations in Ukraine, on the basis of both Parties' good will, mutual concessions and compromise, reached the following agreement :

I

Before a new Constitution of Ukraine is adopted, organization and functioning of the state power bodies and local administrations will be done on the principles stated in the Law On State Power and Local Administrations in Ukraine that was adopted by simple majority of Ukrainian Parliament deputies May 18, 1995, viz.:

GENERAL PROVISIONS

Article 1

Ukraine is a democratic, social and law-governed state established on the basis of execution of the people of Ukraine's sovereign right to self-determination. Ukraine expresses the will of its people and protects the rights of its citizens.

Ukraine is guided by the principle of supremacy of law.

Article 2

All power in Ukraine belongs to the people. The people is the only source of power and executes it directly — by referendums — and through a system of state power bodies and local administrations.

Nobody can assume the right to exercise state power.

Article 3

State power in Ukraine is based on the principles of its division into legislative, executive and judicial branches.

Article 4

Local administration in Ukraine is executed directly through territorial self-organization of citizens and through local self-government bodies. Local self-government bodies are elected directly by Ukrainian citizens living in the territory of the respective city, town or village.

Article 5

All state power bodies and local administrations in Ukraine execute their authorities proceeding from the priority of human rights and freedoms, while the state guarantees these rights and freedoms and protects individual life, honor and dignity.

Social life in Ukraine is based on the principles of political, economic and ideological pluralism.

Ukraine has state, municipal, public and private forms of ownership.

The law guarantees equal protection of all forms of ownership and social orientation of market economy.

FINAL PROVISIONS

Article 60 [as received]

This Law is effective from the day of its official publication and is valid until a new Constitution of Ukraine is adopted.

Article 61 [as received]

Current Ukrainian laws are valid to the extent that they do not contradict the norms of this Law.

II

Before a new Constitution of Ukraine is adopted, provisions of the current Constitution of Ukraine are valid only to the extent that they comply with this Constitutional Agreement.

III

It should be deemed necessary to provide suitable conditions for acceleration and successful completion of the constitutional process in Ukraine so that a new Constitution of Ukraine could be adopted within a year from the date of signing of this Constitutional Agreement.

IV

Before a new Constitution of Ukraine is adopted, both Parties will strictly abide by this Constitutional Agreement and will act in full compliance with it.

Before a new Constitution of Ukraine is adopted, both Parties will not conduct nationwide and consultative referendums and plebiscites any issues other than the adoption of a new Constitution of Ukraine, the text of which will be discussed by the two Parties.

***

Both Parties realize that non-fulfillment of this Constitutional Agreement will cause political chaos and economic collapse and may result in a social conflict that will question the very existence a sovereign and democratic Ukraine.

***

This Constitutional Agreement takes effect after its signing by the President of Ukraine and the Parliament Speaker and is open for signing by all Ukrainian Parliament deputies.

This Constitutional Agreement was made in Kiev in duplicate, the text of each copy being equally authentic.

[Signed] Ukrainian Parliament Speaker Oleksandr Moroz,
President of Ukraine Leonid Kuchma

Kuchma, Moroz Cited on Constitutional Accord

LD0806143395 Moscow ITAR-TASS in English
1404 GMT 8 Jun 95

[By Marina Tarnavskaya]

[FBIS Transcribed Text] KIEV June 8 (UKRINFORM) — A constitutional agreement between the Ukrainian parliament and the president, which envisions separation of powers until the adoption of a new constitution, was approved by the parliament on Wednesday [7 June] and came into force today.

The agreement was signed by President Leonid Kuchma and parliament chairman Oleksandr Moroz in the Mariyinsky Palace in a ceremony attended by Ukrainian parliamentarians and foreign diplomats.

Kuchma congratulated Ukraine on the event which he said was of crucial importance and ushered in a new phase of the building of the state.

Kuchma said the parties in the agreement had been through a difficult search for a settlement of controversies, and showed consensus in their quest to hasten reforms in Ukraine.

The constitutional agreement strengthens all power branches, but also broadens presidential responsibilities, Kuchma said.

"I do not fear the additional responsibility since I am not trying to hold onto my post as long as possible. I want to help the country to go the road of social progress," Kuchma said.

Moroz said the signing of the constitutional agreement was not a win of some forces over others. There are no winners and losers in big politics, there are only right and wrong decisions, Moroz said. He lauded the parliament's decision to approve the agreement, calling it "right".

Civic Congress: President, Supreme Council Must Go

LD0806145295 Moscow INTERFAX in English
1226 GMT 8 Jun 95

[FBIS Transcribed Text] KIEV, June 8 (INTERFAX-UKRAINE) — The Civic Congress of Ukraine has called on all citizens and bodies of power to reject the constitutional treaty between the president and parliament and to be guided only by the Constitution.

The authors of the statement demand the immediate resignation of both the president and parliament and their simultaneous early elections no later than December 1995.

"The moment they signed this agreement both branches of power lost their legitimacy", the Civic Congress said in a statement.

It argues that the agreement adopted by a simple majority, even though it is called "constitutional", cannot be placed above the constitution.

The Civic Congress party founded in 1992 in Donetsk seeks the restoration of ties with former Soviet republics. Its program includes the priority of human rights over the interests of the state, two official languages (Ukrainian and Russia) and integration with CIS member-countries.

Socialist Party Rallies Against Kuchma-Moroz Pact

LD0806170995 Kiev UNIAN in Ukrainian
1300 GMT 8 Jun 95

[FBIS Translated Text] Kiev — The Socialist Party of Ukraine [SPU] took no decision that would entitle its current leader, Oleksandr Moroz [Supreme Council chairman], to flout the Constitution and obliterate democracy, reads a statement by the SPU city of Kiev committee on 8 June. At the SPU's next political council meeting Kiev's socialists will insist on the dismissal from the party leadership of those socialist deputies who did not vote against the signature of the treaty between the president and parliament, the statement continues.

The statement goes on to say that the SPU Kiev branch will demand convening an extraordinary party congress where it will put forward a motion to launch the collection of signatures in favor of a referendum on the abolition of presidency and the restoration of democratic principles in the Constitution.

The authors of the statement underline that, as a result of the approval by a parliamentary majority of the constitutional treaty, "the people of Ukraine can expect a time of even harder trials." The SPU city committee holds the group of 239"1 [as received] totally responsible for this and declares its strict opposition to the Supreme Council of Ukraine.

SPU Split Over Kuchma-Moroz Constitutional Agreement

LD0806222495 Kiev UNIAR in Ukrainian
1925 GMT 8 Jun 95

[FBIS Translated Text] Kiev — On 7 June, the Secretariat of the Kiev City Committee of the Socialist Party of Ukraine [SPU] circulated a statement expressing its attitude to the constitutional agreement. In particular, Ukraine's President Leonid Kuchma obtained the consent of Ukraine's Supreme Council "to establish his personal dictatorship in the country," the statement says. In connection with this, the secretariat announced that the Kiev City organization of SPU went over to a "stiff opposition to the Supreme Council."

At the next session of the Political Council, the SPU city committee is to put forward a demand that the deputies from the Socialist Party who "did not vote against the anti-constitutional agreement" be removed from the party's leading bodies.

"The Socialist Party did not adopt a decision that would vest its current leader, Oleksandr Moroz, with the right to disregard the Constitution and liquidate democracy," the statement says.

A Kiev city conference of SPU, due to take place on 15 June, will raise the question on the convocation of an extraordinary party congress.

Economic Issues

Kuchma 'Likely' To Sign Land Ownership Decree

WS0906113295 Kiev INTELNEWS in English
0713 GMT 9 Jun 95

[FBIS Transcribed Text] Kiev, June 8 — President Leonid Kuchma is expected to sign a decree on private land property, sources close to the president reported Thursday [8 June].

The sources say the economists, headed by the president's macro- economic adviser Anatoliy Halchynskiy, submitted to the president a draft decree which provides private ownership for land. Sources close to the authors of the decree said the decree was supposed to be submitted to the Council of Regions on Wednesday, but was never discussed.

Kuchma is likely to sign the decree along with a chain of decrees on personnel in new government.

Figures Given on Gas Debt to Russia

LD0806123195 Kiev UNIAN in Ukrainian
0830 GMT 8 Jun 95

[FBIS Translated Text] Kiev, [no date as received] (UNIAN) — The Ukrhazprom [Ukrainian Gas Industry] joint stock company paid Ukraine's debt for gas received from Russia in April, May, and the first week of June, sources at Ukrhazprom told UNIAN on 7 June.

The computation for Russia's joint stock company Gazprom, which supplies Russian gas, includes Ukrhazprom's services for transporting the gas through Ukraine, pumping it to underground storage facilities for Gazprom's requirements, and the value of material assets transferred to it from the Russian joint stock company.

Ukrhazprom has also paid $55 million to Russia's Gazprom, which it received from the Ministry of Finances as mutual settlement for work undertaken. This figure was paid in June as part of the $100 million payment which Ukraine should make available to Russia by 30 June under a plan to settle the gas debt. Owing to this, the balance of accounts with Russia in the first six days of June was in Ukraine's favor and now stands at $28.6 million. The debt to Russia at the beginning of June amounted to $429.1 million.

Taking into account the positive balance for June, Ukraine's current total debt for Russian gas stands at $400.5 million.

GNP, Industrial Output, Productivity Drop

WS0906104895 Lvov INFOBANK in English
0950 GMT 9 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] Ukraine's GNP declined by 10.6 percent during the first quarter of 1995, while industrial output fell by 12.1 percent, and labor productivity in industry by 4.1 percent, according to the official statistics. The sharpest decline in industrial output was recorded at the enterprises which belong to the State Committee for Light and Textile Industries (50.7%), the UKRMISTSEPROM local industries concern (39.7%), the UKRAHROPROMBUD agricultural construction corporation (30.7%), the UKRLISPROM forestry corporation (30%), the State Committee for Water Resources Management (29.9%), the Ministry of Machine-Building Industry, Defense Industry and Military Conversion (24.3%), and the Ministry of Coal-Mining (18.8%). Ternopol Oblast displayed the worst indicators among the regions — 37.4 percent of industrial output decline during the first quarter, while Kherson (30.5%), Lvov and Luhansk (23.7% each), Volyn (19.9%), Kharkov (19.6%), Dnipropetrovsk (13.4%) Oblasts and Crimea (27.4%) followed. The production of large electric machines, woodworking machine tools, forge and press equipment in Ukraine decreased by half in 1995 as compared to the first quarter of 1994, while the production of cranes fell almost by two thirds. The production of artificial threads and fiber decreased by half, calcium soda — by almost one third, synthetic tars and plastic — by 24 percent, cement — by 22.3 percent, and bricks — by 21 percent.

Stock Session To Boost Privatization 'Sets Milestone'

WS0906113795 Kiev INTELNEWS in English 0713 GMT 9 Jun 95

["Special to INTELNEWS" by Oleksandr Zheleznjak: "Stock Session Sets Milestone"]

[FBIS Transcribed Text] Kiev, June 8 — A Wednesday [7 June] trading session at the Ukrainian Stock Exchange intended to boost the state's efforts at privatization exceeded all expectations, according to SPF [expansion unknown] development department deputy chief Yuriy Yakovlev.

The session was the first to be held in the wake of a presidential decree authorizing the trading of 100 newly privatized enterprises on the exchange.

"The start was very successful," Yakovlev said and added that such auctions will be held once each week.

Not a single foreigner bought shares at the auction. Yakovlev said he suspects an artificially lowered KBV [karbovantsi]/U.S. dollar exchange rate for foreign citizens, in compliance with the official procedure, is responsible.

According to Yakovlev, the shares sold were the remainders on the stocks that failed to be sold for privatization certificates in the process of 1993 privatization.

Mining, Metallurgy TU's Demands Outlined

MM0806113895 Moscow TRUD in Russian 26 May 95 p 3

[Interview with Nikolay Minchenko, chairman of the Metallurgical and Mining Industry Workers Trade Union Central Committee, by Vasiliy Zakrevskiy in Dnepropetrovsk; date not given: "The First Ominous Signs: Ukraine's Metallurgists Are Not Only Losing Their Jobs — They Are Also Losing Their Health and Their Hopes for the Future"]

[FBIS Translated Text] Workers in the ferrous metallurgy industry and their coworkers in the mining industry have warned the Kiev authorities and President L. Kuchma personally that, if their legitimate demands are not met, metallurgists and miners will take the "path of war" and will be forced to resort to an extreme measure: Strike action.

Our correspondent met with N.N. Minchenko, chairman of the Metallurgical and Mining Industry Workers Trade Union Central Committee, in this connection and asked him to answer a few questions of concern to the public.

[Zakrevskiy] Nikolay Nikolayevich, when visiting metallurgical combines, I have more than once heard people joke gloomily that, even in a concentrated bombing raid by a likely enemy, the metallurgical and mining industries would suffer less than they have in the perestroyka and post-Soviet era. But the whole of Ukraine's industry has always relied on these sectors like a rod of iron....

[Minchenko] Unfortunately, the absence of a clear socioeconomic strategy to develop our state, ill-considered economic reforms, and total anarchy and lack of continuity in the management of the state industrial sector have had catastrophic results. We now have a devastated industry, an infrastructure in its death throes, two-thirds of the population living in poverty, and a tiny number of so-called "new Ukrainians" blatantly getting fat at the people's expense.

Some so-called "democrats" and certain politicians and party leaders say that these are inevitable sacrifices, to which any society moving toward a market economy is doomed. But the price paid by the working person — upon whom, there is no denying, our lives depend — is far greater than specific losses in the economy. Judge for yourself: The Ukrainian Federation of Trade Unions estimates that, whereas GDP has been halved in the last four years, the living standard of the majority of the population has fallen at least five times. It is amazing that people who have not received their wages for months, which in itself is a scandalous violation of human rights, still manage to find the money to buy food, clothing, and shoes for their children. Kitchen gardens and summer house plots help to some extent. Others sell their pots and pans. Many work on the side as bricklayers, loaders, repairmen, and cleaners to top up their earnings....

[Zakrevskiy] Just a minute, I would like to pick you up on one point: Visiting Kiev recently, the U.S. President praised the Ukrainians for their firm policy of reform and even promised to help them gain access to the broad highway leading to a bright capitalist future....

[Minchenko] That was just the usual political game — diplomacy. We are punctiliously eliminating our nuclear weapons in accordance with the treaty, which for the United States, an extremely strong military power, is the main thing. But, hand on heart, could you tell me where you see these market reforms? In the fact that we have freed the price of absolutely everything? You do not have to be a Solomon to do that. Many goods have "outstripped" world prices and are lying in warehouses, of no use to anyone. We are fighting to make our ersatz currency, the karbovanets, just that little bit stronger. But, once again, it is at the expense of ordinary people, workers who, having worked hard for a month, do not even bother going to the plant cash office, because they know there is no money. They cannot tighten their belts any further.

Here in Dnepropetrovsk last year, L.D. Kuchma talked confidently about the social direction of his program and about maximum protection for all strata of the population during the implementation of market reforms, to which there is no alternative, of course. Workers and trade unions in our region supported Leonid Danilovich with their votes, but he appears to have forgotten his promises.

Every year, metallurgists and miners add almost $3 billion to the state treasury, while they themselves are literally on their knees. One blast furnace after another is being taken out of operation, and open pits and mines are starting to close down. No wonder that the total amount of basic types of products has been more than halved in the last four years. A particularly catastrophic situation has developed in the piping and hardware subsectors and in the production of nonferrous metals and solid alloys. Mercury production has stopped altogether.

The shortage of circulating capital and, most important of all, the constant rise in energy prices are pushing many collectives into debt. Only five out of 39 enterprises in the mining and metallurgical complex have been able to pay off their debts; 17 have not even begun to pay off the credit they owe. The tax inspectorate is suing via the court of arbitration to get several enterprises declared bankrupt. So, unfortunately, the first ominous signs are appearing. However, virtually every enterprise in the aforementioned sectors is on the brink of bankruptcy. As a result, in recent years we have lost almost 80,000 of our most skilled workers. With the legalization of hidden unemployment, enterprises will be forced to shed more than 100,000 jobs in the near future. Where will these people go? What employment will be ordered for a miner, a detonations expert, a timberman, or a blast furnace attendant?

Our medical establishments are in a disastrous state; the number of places for treatment and health care has fallen dramatically. Sanatoriums and preventive treatment clinics in the Krivbass will have to be closed due to a shortage of funds, which means opening the door to silicosis and other diseases. Patients at preventive treatment clinics in Donetsk Oblast are now only served two meals a day; almost 20 children's camps will have to be closed.

[Zakrevskiy] So what is the solution to this serious situation? Surely not a general strike?

[Minchenko] We are not looking for conflict with the authorities. But we can no longer suffer the silence and lack of action. Our demands are simple and clear. First of all, it must be decided how much metal and how many pipelines and other goods the state needs to function and trade normally. Then, on this basis, metallurgy and the mining industry must be restructured. But no one will stand by while people are thrown out of their jobs. We have struggled and will continue to struggle to keep our jobs. An enterprise should only be closed down or "mothballed" when the problem of employment for its workforce has been resolved.

What else? We need guaranteed wages, proper, sensible management of and support for enterprises in the state sector, and maximum involvement of labor collectives in privatization. Workers in sectors vital to the state deserve attention and respect.

That is what we will be trying to reach agreement on in Kiev in the next few days.

Necessity, Aftermath of Closing Mines Viewed

WS0706090095 Lugansk GOLOS DONBASSA in Russian 26 May 95 p 3

[Interview with Viktor Shchypachov, head of the Main Production and Technology Administration of the Ukrainian Coal Mining Ministry, by Vsevolod Russov; in Donetsk, date not given: "A Mine Is Going To Be Closed: Is That Good or Bad?"]

[FBIS Translated Text] [Russov] Viktor Konstantinovich, a number of coal mines will be closed down, according to an order of the minister of the Coal Mining Industry in Ukraine. What induced such a decision?

[Shchypachov] Economic necessity. We can no longer artificially "keep afloat" [the coal mines], prolong the existence of enterprises which exhausted their balance reserves of coal [fixed assets on the balance sheet] long ago, and extract the remainder in a way that is dreadfully expensive, drawing the resources that are essential for the stabilization and development of this industry.

[Russov] What determines the "life period" of a mine?

[Shchypachov] First, it is determined by the reserves of coal economically sustainable to extract, and the intensity of extraction. Keeping in mind these two factors, a mine should operate for about 30 years. Such a calculation is used at the early stage of planning when a plot of land with coal reserves [gornyy otvod] is allocated for the mine.

This standard is often violated in practice. After using up the balance reserves, [the miners] begin the exploitation of coal stooks and layers of minor thickness, and retreat into deeper layers, which is not always economically reasonable. This finally results in the aggravation of all technical and economic indicators of the mine's performance, and does not have any long-term prospects.

I will explain this by using examples. The "Donetskugol" production association has 10 mines containing large coal reserves. If necessary conditions were created for the mines' work force, primarily in terms of financing, they could extract more coal than the current extraction to the surface conducted by all mines of this association. Along with it, the cost of extracted fuel [as published] would be lower than world prices. Under these circumstances there is no need for the association to sustain enterprises with no prospect of development. They have to be gradually liquidated, that is to say, closed down, employing miners who were working there in somewhere else, where they could mine more coal, and, of course, earn more money.

Analogous examples could also be provided by other associations. The costs of mining a tonne of coal at the "Progress" mine of the "Torezantratzit" association come to a little over 2,700,000 karbovantsi [K]. With such performance the enterprise could solve all problems regarding supplies of materials and equipment, securing high and stable wages for the miners, and solving other social issues. However, this, and other profitable mines are compelled to share, speaking figuratively, with the unprofitable enterprises of the "Removskoy" type, where the cost of mined coal is almost double the wholesale prices. Prolonging the life of the "Removskoy" and other similar mines restrains the development of promising enterprises, and it is cost inducing to the association, the industry and, finally, the state.

Similar examples confirm in a most convincing way the correctness of the course of the industry's development, chosen by the Ministry of Coal Mining Industry: Support for enterprises capable of achieving a considerable increase of coal output from its reserves in a short period of time, construction of new mines, and the gradual liquidation of unpromising and unprofitable ones.

[Russov] How many mines are to be closed down? What is the timeframe? How will the liquidation of the mines be implemented? How will the problem of employing the miners and other social issues be resolved?

[Shchypachov] Already this year work will expand on closing down 15 mines and one open-pit coal mine. This includes the "Oktyabrskaya" mine (the "Ordzhonikidze" association), the "Khartsyzskaya" mine (the "Oktyabrugol" association), the "Nikanor" mine (the "Luganskugol" association), the "Brankovskaya," "Zamkovskaya," and "Tsentralnaya-Irmino" (the "Stakhanovougol" association), and other enterprises. Design institutes are currently completing the drafting of projects, necessary for the implementation of the entire complex of measures for closing the mines. The measures include social protection of the miners, environmental protection, and also, the use at other enterprises of machines and mechanisms, that have not reached the end of their operation lives, as well as the use of equipment, materials, and many others things. The liquidation committees, implementing the plan of closing down unprofitable mines, will have to pay primary attention to the employment of workers, retraining some categories of the work force, and creating new jobs. The closing process for one mine will last about two years. It will be executed in close cooperation with trade union organizations and local administrative bodies.

[Russov] What do you see as the main difficulty of this process?

[Shchypachov] In the change of the established attitude toward the closing of unprofitable mines in society and in the mining community. This attitude was formed under the influence of incomplete, and at times unreliable information about the reasons for closing down mines, and about the consequences of realization of this important economic and social undertaking.

In developed coal mining countries, the modernization of the coal mining industry, the closure of unprofitable mines began long ago, and in the beginning it also caused problems, of primarily a psychological nature, despite the fact that a large explanatory travail was conducted there, while changing the place of residence and renting an apartment was not an obstacle. But right now, from the perspective of the past, it has become clear, that the consequences of closing down unprofitable mines were quite productive on the whole. For instance in the United States, the number of mines decreased almost threefold in the last three decades. Along with it the coal is mined in considerably bigger quantities than before, the work conditions of the miners have improved significantly, and the miner's living standards have also improved. Due to the implementation of programs for creating new work places, the problem of employing miners from the liquidated mines is being successfully solved; in addition the retraining program for miners is being expanded.

In our country the psychological factor plays an important role in the problem of closing mines with no prospects, due to the established habit of most miners to work for long time in one mine; closer to home, in one collective body; the impossibility to get an apartment elsewhere; viable apprehensions regarding the reliability of public transport, and many other reasons. That is why it is very important already now to conduct extensive explanations. It is necessary to explain to everyone, that he will not be left in the lurch, but quite the contrary, that he will have the possibility to earn more, to use the benefits provided by a stable working mine with a long-term prospect of existence.

The conversation was conducted by Vsevolod Russov.

Today Viktor Konstantinovich Shchypachov, the interviewee, celebrates his 50th birthday. The staff of the Ministry of Coal Industry, the trade union of engineers and technicians, the journalists of the GOLOS DONBASSA newspaper cordially congratulate him on his anniversary, and wish him good health, happiness, and all the best in his ebullient life for the benefit of our society.

Way to go, Viktor Konstantinovich, endure in the fighting spirit!

Belarus

Letter of Thanks From Secretary Christopher

WS0906081695 Minsk BELAPAN in English
0701 GMT 9 Jun 95

[FBIS Transcribed Text] The Minister for Foreign Affairs of the Republic of Belarus Uladzimir Syanko received a letter from the U.S. Secretary of State Warren Christopher in which the latter expresses gratitude to the Belarusian government for its support to the open-ended prolongation of the nuclear NPT [nonproliferation treaty] at the conference in New York. In the letter it is pointed out that at the conference Belarus had a special status and authority as "of all the new independent states possessing nuclear weapons it was the first to join the nuclear Non-Proliferation Treaty as a non-nuclear state." The U.S. Secretary of State stresses that the firm support from Belarus helped to ensure analogous support from other countries.

Minister Insists on Patrols Along Russian Border

WS0906081795 Minsk BELAPAN in English
0701 GMT 9 Jun 95

[FBIS Transcribed Text] The minister for internal affairs Major General Yuriy Zakharenka intends to appeal to the President and government for the permission to install departments of the road militia at the former customs points at the frontier with the Russian Federation. As a result of the removal of customs barriers Belarus has become unprotected from the criminal flow coming from the East to the West. Mr. Zakharenka well realizes that his initiative may be considered by many not to be in the spirit of the times, however he has firm belief in the necessity of this measure with a view of the Republic's security.

Defense Minister: Dismissal 'Orchestrated' by KGB

WS0906104295 Minsk MMC in Russian
0930 GMT 9 Jun 95

[FBIS Translated Text] The 6 June Defense Ministry Collegium meeting was interrupted for three hours. During the recess, Defense Minister Anatol Kastenka was summoned for a conversation with the Belarusian president. In the course of the meeting, which was also attended by acting Prosecutor General Vasil Kapitan and Security Council State Secretary Viktar Sheyman, [President] Alyaksandr Lukashenka accused the defense minister of inability to maintain order in units, halt the increasing crime rate, and implement military reform.

Additionally, Mr. Kastenka was presented documents confirming the involvement of his son, "an employee of a district military registration office in Minsk," in commercial operations (by virtue of a presidential edict, servicemen are prohibited from dealing with commercial operations). In particular, the "Marlena" limited liability company was registered in the apartment on Nekrasova Street where Major Vasil Kastenka lives. Acting Prosecutor General Vasil Kapitan noted that, according to the Penal Code, the documents on the defense minister may be considered as an abuse of power.

Anatol Kastenka, while refuting the accusations against him, stated that his dismissal was a result of an action orchestrated by the KGB. As a result of the meeting with the president, the defense minister announced his resignation. Lieutenant General Leanid Maltsew, chief of the General Staff, will act as defense minister.

Defense Minister Prospects Viewed as Kastenka Resigns

MK0806121095 Moscow KOMMERSANT-DAILY
in Russian 8 Jun 95 p 3

[Unattributed report under the "Journal" rubric: "New Belarus War Minister Will Be President's Man"]

[FBIS Translated Text] On 6 June, following a Belarus Security Council conference, which looked into instances of violations in the distribution of housing from the Defense Ministry's housing stock and matters of military conversion and commercial activity, republic Defense Minister Anatol Kastenka handed in his resignation. It is parliament's job to accept resignations, but since that body has not been fully elected so far (the second round of elections was recognized as invalid), this can also be done by the president. There are several candidates for the vacancy including Lieutenant General Uladzimir Uskhobchik. He is supported not only by influential forces in the organs of power but also by Communist Agrarians in the "under-strength" parliament. Uskhopchik's appointment may sour relations with, for example, Lithuania: It was he who, in January 1991, commanded the Vilnius garrison, and today the Lithuanian prosecution is pressing for his extradition. The other candidate is Lt. Gen. Valeryy Kastenka, Air Defense Forces commander, well-known for his ideas on army reform which may really harm his chances. Yet another contender is Leanid Maltsev, chief of the General Staff. That a civilian may become defense minister is also not ruled out. But he will be the president's man in any case.

Interior Minister: 'No Intention' of Resigning

WS0806142995 Minsk BELAPAN in English
1341 GMT 8 Jun 95

[FBIS Transcribed Text] The minister for internal affairs Yuriy Zakharenka declared he had no intention of sending in his resignation. "I would like to do as much as possible for the Republic", he said. The minister is glad with the fact that he has been given a free hand in the organisation of the struggle against crime. Thank to this the Ministry has managed to install a new security system which is now being adjusted. A striking illustration of its efficiency is the fact that at present among all the CIS member-states the criminal situation in Belarus is the most amenable to control.

Investigation Into Violation of Electoral Law

WS0906110795 Minsk MMC in Russian 0930 GMT 9 Jun 95

[FBIS Translated Text] As MMC has learned, the Presidential Administration Committee for Combating Corruption is about to conclude an investigation into cases of violating the electoral law. The presidential warriors against corruption have already achieved certain success in exposing numerous machinations during the elections.

For example, the committee staffers have established that vote- rigging took place in Baranovichi, where Syarhey Shpakaw, chief of staff of one of the local military units, was elected. In particular, to reduce the number of votes cast against Mr. Shpakaw, the names of many servicemen were urgently removed from voters' lists. After studying documents presented by the Committee for Combating Corruption, the Central Electoral Commission declared the election results in this constituency invalid. It has not been ruled out this will not end Mr. Shpakaw's problems, since the investigation materials have been presented to the Prosecutor's Office, which may press criminal charges against him.

By the way, after his 6 June news conference, acting Prosecutor General Vasil Kapitan told journalists that over 30 documents concerning cases of violating the electoral law are currently being examined by the Prosecutor's Office. Moreover, according to Mr. Kapitan, during one of his meetings with the president, Central Electoral Commission Chairman Alyaksandr Abramovich informed Alyaksandr Lukashenka about violations committed by a high-ranking official during the elections. Mr. Kapitan did not reveal the name. As MMC has learned, however, it is very likely that this referred to CIS Executive Secretary Ivan Karatchenya, on whom the Committee for Combating Corruption is currently keeping a close eye.

Popular Front Will Not Attend Parliamentary Debates

WS0906081495 Minsk Radio Minsk Network in Belarusian 0300 GMT 9 Jun 95

[FBIS Translated Text] The opposition Belarusian Popular Front [BNF] will not participate in the 14 June session of the Supreme Soviet. This was announced by BNF Chairman Zyanon Paznyak at a news conference on 8 June. The opposition, he emphasized, is sticking to its statement saying that it can no longer be in parliament, after the well-known events of 12 March, when gross violence was applied against deputies at the parliament building. Parliamentary sessions, at which crucial issues concerning the existence of our state will be decided, may be the only exception.

In the opinion of Paznyak, the situation with the elections has come to a legal deadlock. He believes that the options for overcoming it proposed for parliamentary debate are illegal. Parliament has not been elected, and according to the Constitution, two thirds of it must be elected. To change the situation, Paznyak believes, it is essential to change the Constitution, which cannot be done by the former Supreme Soviet. Additionally, the Electoral Law must not be changed, since certain deputies have already been elected according to this law, and other deputies, would be elected according to another one in this case. According to the current legal situation, the BNF leader noted, the former Supreme Soviet should continue to operate, and the elections should proceed, but they will continue endlessly.

President: Tough Measures Needed To Normalize Economy

LD0806135095 Moscow INTERFAX in English 1226 GMT 8 Jun 95

[FBIS Transcribed Text] MINSK, June 9 (INTERFAX-WEST) — In order for Belarus to pull out of the present crisis it is necessary to adopt quite tough measures, Belarusian President Aleksandr Lukashenka declared at an expanded sitting of the country's Cabinet of Ministers and Security Council.

He pointed out that Belarus industrial enterprises have cut production of 110 out of 410 vital items. Production of trucks fell 47 percent over the year, tractors - by 56 percent, refrigerators - by 33 percent, production of TV sets fell by 40 percent.

Nevertheless, even under such volumes of production many enterprises work "for storage facilities," Lukashenko said. Commercial structures which were created around enterprises and which sell first-class production fail to master new markets and prefer to go in for simple re-distribution of excess profits. Such a situation, Lukashenko believes, will continue as long as "scroungers and idlers" remain in leaders' chairs.

Lukashenka also expressed concern due to enterprises' and farms' debts on wage payments to workers. In his words, there are about one hundred enterprises, collective and Soviet farms in the republic which have not paid workers for this January-February and concealed the unemployment of about 10% of the republic's able-bodied population. "If this is called a market then we shall come to the complete destabilization of the situation in the republic," Lukashenka said. He also underlined that "power is given to us in order to bring order and we shall bring it."

According to Lukashenka, appropriate order has been established in the republic's fiscal policy. From the beginning of this year inflation dropped from 40 to 3.5 percent, the republic has ensured stabilization of the national currency rate. Today assets of the National Bank of Belarus total about $250 million. Over four months the size of funds put into savings accounts increased seven times, currently these funds total about 572 billion Belarusian rubles (one dollar is equal to 11,500 Belarusian rubles). The republic has achieved a favorable balance in its trade with "near-abroad" and "far-abroad" countries, amounting to 1.5 trillion Belarusian rubles, Lukashenka reported.

Moldova

Snegur, Smirnov Hold 'Productive' Meeting

AU0806122095 Chisinau INFOTAG in English
2030 GMT 7 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 7/6/1995 — Moldovan President Mircea Snegur has regarded today's summit in Holercani with Dniester leader Igor Smirnov as "constructive and productive." Snegur said to journalists after the meeting that "the negotiation process on determining the role, place and status of Dniester produced new interesting aspects which have to be developed." Dniester leader Igor Smirnov pointed out that "the Joint Statement of April 28, 1994 was filled today with concrete contents which will be worked at by the two expert teams. I welcome the resumption of our talks. It is my firm belief that each new summit brings us closer to solving the key question — that horrors of war never appear in the region," the Tiraspol leader said.

Sources in the Tiraspol administration informed us that "the meeting was sufficiently constructive, and its key point was the draft law on the Dniester special status".

According to the above sources, the sides have precised their positions on that matter. However, no substantial progress has been achieved today. The Chisinau-proposed draft defines the competences of the central authorities and Dniester local power bodies.

It envisages, in particular, that the Moldovan Government shall be responsible for the control over the Moldovan Constitution observance, external policy, defence and security of the state, external border protection, credit and financial policy, monetary emission, all-republican taxes and budget, unified customs and judicial services, single citizenship. And the remaining fields are supposed to be entrusted to the competence of local power bodies.

However, Tiraspol confirmed its disagreement with the draft, and kept on insisting on division of plenary powers between "the two equal-right states."

The Chisinau and Tiraspol expert teams were instructed to finish the draft and submit it to the next summit scheduled for July 5 in Tiraspol.

At today's close-door meeting, the sides exchanged opinions on economic relations between enterprises on both side of the Dniester. The Russian president's special envoy, Vladimir Vassev, has regarded the meeting as productive and unusually concrete.

No Breakthrough in Snegur-Smirnov Dniester Talks

LD0806192395 Moscow INTERFAX in English
1805 GMT 8 Jun 95

[From the "Presidential Bulletin" feature: compiled by Nikolay Zherebtsov, Andrey Petrovskiy, edited by Vladimir Shishlin]

[FBIS Transcribed Text] A meeting Moldovan President Mircea Snegur had on Wednesday [7 June] with the leader of the country's separatist region of Transdniester, Igor Smirnov, resulted in no breakthrough.

However, Snegur and Smirnov themselves assessed the talks, held in the Moldovan president's country residence, as "constructive and productive." "The negotiation process on the role and status of Transdniester has acquired interesting aspects which still have to be worked on," Snegur told INTERFAX.

Smirnov, for his part, said: "Former documents signed by Tiraspol (Transdniester's capital) and Chisinau were filled on June 7 with concrete content, on which a group of experts will be working... I am glad that we have resumed our negotiations. I think each meeting brings us closer to the solution of the main problem - there must never be another war in the region."

Informed sources told INTERFAX Snegur and Smirnov had been unable to reach agreement on the key issue, Transdniester's future status. Smirnov rejected a draft law proposed by the Moldovan government as meaning the region's "medium-degree autonomy with limited rights." Transdniester still demands to divide powers with Chisinau.

A team of experts have been instructed to draw up new proposals for the next meeting between the two leaders, who are due to reconvene in Tiraspol on July 5.

Military Doctrine Reiterates Neutrality Policy

AU0806190795 Chisinau INFOTAG in English 2030 GMT 7 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 7/6/1995 — The Moldovan Military Doctrine, adopted by the Parliament last Tuesday [6 June], confirms the republic's wish to conduct a neutrality policy, Parliament Chairman Petru Lucinschi stated Wednesday. Receiving a U.S. Defense Department delegation headed by Brigadier General Dale Nelsen, on a working visit to Moldova, Lucinschi welcomed the American intention to render assistance to the republic in training personnel for the national armed forces.

The sides discussed possibilities of deepening Moldovan-U.S. military cooperation, as well as cooperation in the framework of NATO "Partnership for Peace" programme.

Petru Lucinschi said that during his recent visit to Moscow he was assured in the Russian Ministry of Foreign Affairs that the Russian 14th Army withdrawal agreement shall be implemented.

Parliament Ratifies CIS Agreements

AU0806180595 Chisinau INFOTAG in English 2030 GMT 7 Jun 95

[FBIS Transcribed Text] Chisinau INFOTAG, 7/6/1995 — Last Tuesday [6 June] night, the Moldovan Parliament ratified the Agreement on the Establishment of the Inter-State Economic Committee of the CIS Economic Union, and the Agreement on Establishment of the CIS Payment Union. Both documents were signed by President Mircea Snegur on October 21, 1994.

The Parliament also passed Moldova's Military Doctrine, and adopted amendments to the Matrimony and Family Code by which foreign citizens shall be permitted — in exceptional cases — to adopt Moldovan parentless and abandoned children.

The forum adopted also the Law on Archives. It also passed the Law on Concessions at the first reading today.

Presenting the draft, Economy Minister Valeriu Bobutac said the Law is extremely necessary for creating a legislative framework to attract foreign investment in the republic. A concession means, first and foremost, a form of long-term investment at which the state grants, or transfers, to a real or juridical person, including a foreign one, the right to carry out entrepreneurial activity. Objects of concessions are, primarily, land and natural resources, their exploration, exploitation and realization. A concession object may also be a movable and immovable property belonging to state enterprises or other economic agents.

The law regulates the procedure of granting concessions, organization of international tenders, lending land and other natural resources into concession, procedure of concluding concession agreements, and concession management.

Calmoi Signs CIS Agreement on Security Cooperation

AU0806190595 Chisinau BASAPRESS in English 1930 GMT 6 Jun 95

[FBIS Transcribed Text] Chisinau BASAPRESS, 6/6/1995 — Vasile Calmoi, Moldovan security minister, attended the recent reunion of CIS security ministers in Tbilisi. Sources from the Security Ministry told BASA that the parties signed an agreement according to which special services have no right to operate on the territory of another state without the consent of this state. Asked by BASA about the difficulties the agreement might pose in the attempts to arrest the wanted persons be the secret services of a country on the territory of another, the quoted source from the Security Ministry said in some cases this stipulation can be used as a measure of protection for the guilty and this will hinder the process of persecuting. The meeting also had in discussions the possibilities of cooperation between special services to counteract drug and weapon traffic.

Romanian Senate Delegation Begins Visit

LD0806165995 Moscow ITAR-TASS World Service in Russian 0308 GMT 8 Jun 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 8 Jun — The Romanian Senate delegation, led by Senate President Oliviu Gherman, begins its official visit to Moldova today. Romanian senators will meet the leadership of Moldova and MPs.

"The political dialogue between Bucharest and Chisinau has been established and needs to be developed further. After the supporters of unification with Moldova had suffered a defeat during the parliamentary elections, many a statement was made with regard to the development of bilateral relations between our states. These issues will also become a topic of discussion at the upcoming meetings," Dmitriy Dyakov, the chairman of the Foreign Policy Commission of the Moldovan Parliament, told ITAR-TASS.

Dmitriy Dyakov said that no strategical documents were intended to be signed during the visit.

Kazakhstan

President Optimistic About CIS Integration

LD0806151095 Moscow ITAR-TASS in English 1443 GMT 8 Jun 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA, June 8 (ITAR-TASS) — "I hope that, unless new impediments or considerations arise, a common economic space (of the Commonwealth of Independent States) will become operational soon," President of Kazakhstan Nursultan Nazarbayev told journalists here today.

The President was speaking during an official visit to the UN European headquarters in Geneva.

Asked about the realisation of the agreement on the single customs space signed between Russia and Kazakhstan in January, President Nazarbayev said that "technical questions remain to be settled between the governments".

Nazarbayev recalled that there had been "no customs duties, delays or any kinds of bribes" on the border between Russia and Kazakhstan since February 1, but that customs offices continue to exist. Under the agreement, they inspect cross-border traffic to suppress illegal transportation of drugs and arms.

Nazarbayev said the signing of a similar agreement between Kazakhstan and Belarus was on the agenda. "Uzbekistan and Kyrgyzstan have approached all of us with a request to be granted accession to this customs space," he said.

President Nazarbayev reiterated that his republic was committed to close economic cooperation within the framework of the Commonwealth of Independent States and to the idea of the European Union.

Even though many decisions of the CIS remain on paper, "this past year has seen many signs of integration," he said.

The President said he would like to see the creation of a single customs zone by Russia, Kazakhstan and Belarus as "the beginning of economic integration" involving all countries of the Commonwealth.

"I think that such an economic union would be respected by the world, we have sufficient potential for this," President Nursultan Nazarbayev said.

Nazarbayev made it clear that the idea of forming a new security system "along the vertical meridian of Central Europe" should be seen within the context of this approach. The idea of a new security system with the participation of Russia, Central Asian republics, Iran, Pakistan, India and Afghanistan had been put forth by the President of Kazakhstan at the UN disarmament conference in Geneva today.

He said other countries that would probably join the system were Belarus, Ukraine and the Caucasian republics.

Asanbayev on Results of CIS Minsk Summit

954F2463A Almaty PANORAMA in Russian 3 Jun 95 No 22, p 2

[Interview with Vice President Yerik Asanbayev by Askar Aukenov; place and date not given: "There Are No Contradictions Between Kazakhstan and the Other CIS Countries"]

[FBIS Translated Text] Vice President Yerik Asanbayev, who led the Kazakhstan delegation, answered PANORAMA's questions concerning the results of the Minsk meeting of CIS heads of state.

[Aukenov] The absence from the Minsk meeting of the president of Kazakhstan gave rise to various conjectures in the Russian news media. The supposition that Nursultan Nazarbayev is taking a step away from integration with Russia in the direction of his Central Asian neighbors (Uzbekistan, Kyrgyzstan) was heard also. How justified are this and other assertions?

[Asanbayev] What the news media say, this is up to them. President Nazarbayev's nonparticipation in the Minsk meeting was connected with his having caught a cold. There are no other reasons, and all assertions concerning retreats from Russia are, in my opinion, unfounded and the fruit of journalists' imagination. As far as the integration ties and cooperation are concerned, Kazakhstan is developing them with all members of the CIS, regardless of geography.

[Aukenov] What are the tasks of the Interstate Currency Union? How might it be useful to Kazakhstan?

[Asanbayev] The Interstate Currency Union is a financial structure designed to stimulate cooperation in the sphere of currency and payments and credit relations. It is extremely important not only for Kazakhstan but, I am sure, for all the countries that signed the document on this union, as it will contribute to the convergence of currency legislation, the development of credit and currency policy, and the coordination of actions in matters of currency control. This structure is intended to provide for the preparation of recommendations for the organization on the territory of each participant, Kazakhstan included, of a full-fledged (liquid) currency market and a securities market and also for the convertibility of the national currencies into the currencies of other states in socially significant, noncommercial payments. The union has also been set other tasks, whose accomplishment will, we hope, be of benefit to our republic.

[Aukenov] To what precisely did the "questions of the shipment of special freight and military freight" which were discussed refer?

[Asanbayev] The said questions are specific and pertain to the sphere of military cooperation. They concern compliance with safety and physical protection requirements during shipments of this category of freight by the parties to the agreement.

[Aukenov] In what way does Kazakhstan intend to participate in the joint creation of an additional complex of plants of the vehicle manufacturers in Yelabug?

[Asanbayev] Kazakhstan is supporting participation in this project because the latter is quite serious in the matter of economic integration. It should be considered that the plant will manufacture mid-range passenger automobiles of increased cross-country capacity and comfort—up to 50,000 a year—by way of the creation of an assembly enterprise in conjunction with foreign firms. Our republic has an interest in the organization during realization of the project of centers for the manufacture of parts and components, and this means extra jobs. In addition, I would like to emphasize particularly that Kazakhstan could in the future be a founder of the YelAZ-invest interstate consortium.

[Aukenov] How did the discussion of the question submitted by Belarus on a settlement of interstate payments for 1992-1993 go? On what terms has Russia written off Kazakhstan's public debt (if it really has)?

[Asanbayev] As proposed by the Republic of Kazakhstan delegation, the draft decision concerning a settlement of interstate payments ensuing from the results of the trade and economic relations of the participants in the Commonwealth for 1992-1993 was corrected as we went along.

In view of the fact that the results of the unsettled interstate payments are not yet debts of the states, the "debt instruments" concept was excluded from the draft decision. In addition, it was proposed fixing the results of interstate payments in dollar equivalent, using the value of the ruble against the U.S. dollar on the date that the transactions were completed or as agreed by the parties.

On 20 January 1995 the Governments of Kazakhstan and Russia signed a protocol on the settlement of financial claims between the Republic of Kazakhstan and the Russian Federation.

At the present time the parties are coordinating the list and the amounts of the debt instruments on which Kazakhstan and Russia will renounce claims against one another. The draft agreement on the said question drawn up by the Kazakhstan side is being reconciled in the pertinent departments of the Russian Federation.

[Aukenov] Did the Russian side raise the question of the position of the Russian-speaking population in countries of the CIS?

[Asanbayev] Russia did not submit such a question. I believe that its inclusion on the agenda would not have corresponded to the ethics of modern interstate relations, Kazakhstani-Russian relations even less.

The leadership of Kazakhstan has never divided its multinational people. In addition, the historical multinationality of Kazakhstan is a guarantor of our stability, and no republic of the former Soviet Union can reproach the Kazakhs with the incitement of interethnic discord. Internationalism is, if you will, part of the Kazakh mentality and our genetic code and a distinguishing feature of the national self-awareness. Kazakhs, who have geographically been located between three great world religions, who lived on the bustling commercial Silk Road, and who, consequently, have constantly been in an interethnic dialogue, have since time immemorial been raised in a spirit of tolerance and respect for the customs and traditions of other peoples. Unfortunately, some politicians are unwilling to understand these simple historical "specifics" of Kazakhstan. In our difficult times the word of the politician is becoming a special category, incidentally, and the possible repercussions of some opinions require of him due caution. I would emphasize once again that citizens of any nationality are citizens of Kazakhstan, our citizens. We shall never leave them in the lurch and do not seek services in their defense from anyone.

[Aukenov] What is the purpose of the Convention on the CIS Interparliamentary Assembly?

[Asanbayev] The convention is designed to regulate the extent and the forms of the practical activity of the Interparliamentary Assembly. It determines the status of the assembly as an interstate body within the framework of the CIS, whose participants are parliamentary delegations of states of the Commonwealth. We hope that the Interparliamentary Assembly will become an effective integration structure whose activity will contribute to the rapprochement of national bodies of legislation and the exchange of information of a legal nature between the participants.

[Aukenov] What positions were adopted by the parties during discussion of the treaty on protection of the borders with states that are not members of the CIS?

[Asanbayev] Kazakhstan approached the consideration and signing of this treaty from the standpoint of the assurance of national interests in the guarding of its external border and the fight against international and domestic terrorism, any manifestation of separatism and nationalism, drug trafficking, illegal immigration, and other problems. As far, for example, as Ukraine and Turkmenistan, which did not sign this treaty, are concerned, this is their problem. They are justifying their refusal by the need to confine themselves to the signing of agreements of a bilateral nature.

[Aukenov] Were the prospects of the operation and enlargement of the Customs Union discussed? Did the Kazakhstan side take part in the Russian-Belarus negotiations on the lifting of customs barriers?

[Asanbayev] Questions concerning the Customs Union were not considered at this summit. Kazakhstan did not take part in the Russian-Belarus negotiations for they concerned only Russia and Belarus. Our side is planning to conduct such negotiations in the very near future.

[Aukenov] Could the results of the Minsk summit be termed a success for Kazakhstan?

[Asanbayev] We have refrained as yet from signing the agreement on an extension of the stay of the peacekeeping force in the Republic of Tajikistan until the inter-Tajik negotiations in Almaty have been completed. Nor did Kazakhstan sign the CIS Convention on Human Rights and Basic Liberties since, in our opinion, there is already in the world quite a wide spectrum of instruments on this matter in international law, and for this reason Kazakhstan deemed participation in the realization of one further treaty, analogous in principle to those already in effect, inexpedient.

The Minsk summit was a routine planned working meeting of the leaders of the CIS states. Practically all the items on the agenda were considered. The agreements that were signed are important both for each state individually and for the CIS as a whole. That the documents passed without any particular difficulties is considerably to the credit of the efforts of the experts of all countries of the Commonwealth at their drafting and preparation stages.

[Aukenov] Why were the majority of the items on the agenda submitted by Russia? Does this mean that Moscow, as before, retains the role of a kind of CIS center? What initiatives did the Kazakhstan side advance at the meeting?

[Asanbayev] I consider this formulation of the issue improper. A majority of initiatives presented by Russia by no means signifies its dominating role in the CIS. All members of the CIS may and do submit questions for the consideration of the heads of state and government—today some countries, tomorrow, if necessary, others.

Proceeding from the need for assurance of the conditions for the realization by its citizens of the free choice and acquisition of citizenship of the countries of participants in the CIS, Kazakhstan submitted a proposal concerning a simplified procedure of the acquisition of citizenship by citizens of states of the CIS. This was an initiative of President Nursultan Nazarbayev.

[Aukenov] Did the Kazakhstan delegation have meetings other than the scheduled meetings?

[Asanbayev] The Kazakhstan government delegation met with the government delegation of Belarus, in the course of which the prospects of a further strengthening of bilateral cooperation were discussed.

[Aukenov] What principal contradictions are there currently between Kazakhstan and other countries of the CIS?

[Asanbayev] There are essentially no contradictions. We all— members of one Commonwealth—have recognized its charter and operate on the basis of the rules and principles of international law, but with regard to the interests of each country when problems are being resolved.

[Aukenov] Are there prospects for the CIS, in your view?

[Asanbayev] Yes. A number of serious interstate structures capable of effectively tackling the problems of integration relations have been created. The future of the CIS will depend on the contribution of each participant and the desire to promote its intensification and development.

Foreign Minister Views Conflicts in Chechnya, Bosnia

LD0806173295 Moscow ITAR-TASS in English 1620 GMT 8 Jun 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA, June 8 (ITAR-TASS) — "Kazakhstan views Chechen events in the context of Russia's internal developments", the Kazakh foreign minister said here on Thursday [8 June].

Qasymzhomart Toqayev answered questions from journalists at a news conference on the occasion of an official visit by Kazakh President Nursultan Nazarbayev to the U.N. European headquaters.

While announcing this approach to the Chechen crisis, Kazakhstan urged the warring sides to take appropriate measures to prevent the conflict from spreading to other regions, since its escalation "aggravate the situation not only in the Caucasus, but on the entire vast landmass of the Commonwealth of Independent States", the minister noted.

"Our stand has not changed since then", Toqayev went on to say. "We regard Chechnya as part of the Russian Federation. On the whole, we are opposed to separatism and believe the current separatist tendencies must be checked by the instruments of international politics", he added.

Regarding the events in Bosnia, Kazakhstan "backs the efforts by the world community, in particular by the United Nations, and believes these efforts should be enhanced. Appropriate international forces can and must be sent to the specific regions of the conflict".

"For our part, we announce every possible assistance to the United States in localizing and muting this conflict", the Kazakh minister said in conclusion.

Canadian Company To Develop Gold Fields

MM0806110195 Moscow IZVESTIYA in Russian 6 Jun 95

[EKOTASS report: "Canadian Company Has Agreed To Develop Kazakhstan Gold Deposit"— from the "Financial IZVESTIYA" section p viii]

[FBIS Translated Text] The Canadian gold-mining company "Placer Dome," which is funding a series of projects in areas where there is an increased risk, has become involved in the implementation of a promising gold-mining project on former USSR territory, though it has some reservations about the terms for withdrawing from the contract if things go badly bad. The journal METAL BULLETIN reported on this.

The company "Placer Kazakhstan Ltd." (PKL) acted on behalf of "Placer Dome" in the signing of the agreement with the Kazakhstani Government on the Vasilkovskoye gold deposit and adjacent territories in the region of the city of Kokchetav.

Some 55 percent of PKL's shares belong to "Placer Dome" and the remaining 45 percent are owned by the company "Consolidated Mines of Kazakhstan."

PKL will own 50 percent of the shares of the joint venture which will take part in prospecting work and in the development of the deposit itself and the adjoining area. The remaining shares will belong to the Kazakhstani Government, but PKL has the right to increase its share by 25 percent.

If in the course of a five-year period PKL spends no less than $5 million on exploration and prospecting in the 7,000-square-kilometer area adjoining the deposit, it will receive a 50-percent share in any ore deposits found in this area.

The Vasilkovskoye deposit was discovered and quite thoroughly investigated during the seventies and eighties, though it did not begin to be developed due to a lack of funds. About 1,680 boreholes have already been sunk in this region and 25 km of subterranean tunnels have been dug to obtain soil samples. According to existing figures, the geological reserves of auriferous rock amount about 138 million tonnes containing 434 tonnes of gold. Apart from this, it is likely that there are also additional reserves at a very great depth to the west of this deposit. According to preliminary findings, the deposit may be developed by normal open-cut mining and the ore processed using the leaching process.

As far as the details of this deal are concerned, our attention is drawn to several interesting factors. In accordance with the agreement, "Placer Dome" will at first pay the Kazakhstani Government $35 million and then conditionally deposit another $45 million, which will be paid after PKL and Kazakhstan conclude an official agreement on forming a joint venture.

However, if "Placer Dome" is not granted suitable terms, the whole $80-million sum should be returned. Terms for the free export of gold, the sending of capital and profit back to Canada, and the introduction of a tax arrangement suiting both sides should be implemented before the agreement on forming the joint venture is signed.

New Oil Gusher Found in West Kazakhstan

LD0706144295 Almaty Kazakh Radio Network in Russian 0500 GMT 7 Jun 95

[FBIS Translated Text] The work done by the workforce of the Zhollybay drilling department in Atyrau Region has resulted in great success. An oil gusher was struck at a depth of 1,750 meters at the new Akkuduk oil field in Atyrau Region. This is evidence of the high discharge rate of the newly discovered oil deposit. The specialists' conclusion is that the crude is of very high quality, with few harmful admixtures. The Akkuduk field has been handed over for development by the Kulsaryneft department, one of the oldest oil-extracting departments in Atyrau Region.

Tajikistan

CIS Forces To Increase Security Measures

LD0806180395 Dushanbe Radio Tajikistan Network in Tajik 1700 GMT 6 Jun 95

[FBIS Translated Text] Measures to ensure security will be taken in the units of the collective peacekeeping forces of the CIS countries in Tajikistan. The command staff is developing a number of measures to safeguard personnel. Lieutenant General Valentin Bobryshev, 50 years-old, the new commander of the collective peacekeeping forces in Tajikistan, spoke about this issue at a news conference on 6 June.

According to the Russian general these measures are being worked out because incidents of assaults against the military are increasing. Toward the end of last week unidentified persons attacked three employees of the Russian 201st Motor Infantry division. As a result, one soldier died from serious injuries. Measures are also being taken to safeguard the soldiers' living quarters.

Gen. Bobryshev said that the collective peacekeeping forces consider their most important duty to be to create the conditions for a peaceful settlement of the disagreements between Tajiks and the elimination of the conflict. At the same time he mentioned that a number of countries from the Middle East were giving financial aid to the armed Tajik opposition. These countries are interested in an armed settlement of the inter-Tajik conflict and consider the Tajik-Afghan border to be a road for dispatching arms, narcotics, and armed groups.

The commander noted that the collective peacekeeping forces provide great assistance to the Russian border guards. Speaking about the Tajik-Afghan border, he said that the situation in the border detachments' Pyanj, Moskva, and Kalai Khumb border sectors had became tense because the opposition was gathering on the Afghan border.

Psychological Warfare Used on Tajik-Afghan Border

LD0806131895 Moscow Russian Television Network in Russian 1000 GMT 8 Jun 95

[Video report by correspondent A.Samoletov; from the "Vesti" newscast]

[FBIS Translated Text] The fact that psychological warfare detachments appeared on the Tajik-Afghan border using new methods of getting the message across to residents of remote Afghan and Tajik villages, was perceived at first as a vain enterprise. At the same time intelligence information confirmed the efficiency of this kind of struggle against the armed Tajik opposition. The main aim of this detachment, which is at the disposal of the command of the Russian Border Troops Group in Tajikistan, is to explain to residents the situation on the borders of the republic as well as to search for ways of bringing closer together the people split by the civil war into two warring camps.

[Begin Martynenko recording] The residents of villages on both sides listen very attentively to everything we broadcast to them from our stations. Our leaflets are taken away like hot pies in just a few minutes and people read them and pass them on. We know that they are passed on to villages where we have not yet reached. For a number of reasons everyone believes that the Russian troops are neutral and provide objective information and objective assessment. [end recording]

Similar detachments exist in all armies of the world. As far as their weapons are concerned, it is very prosaic — leaflets, newspapers, and loudspeakers mounted on armored personnel carriers. Observers note that representatives of the Islamic Rebirth Movement of Tajikistan are now forced to set up similar detachments on the neighboring territory. However, the same sources note that the methods devised by the Russian military are more efficient. As far as the contents of the leaflets, which are delivered every day by minimissiles to the other side, is concerned, they can be compared with the famous cartoons by Kukryniksiy [three Russian cartoonists and authors) during the Great Patriotic War. Representatives of this almost-forgotten-by-civilians service hope that a smile on the face of a Tajik or Afghan boy who is looking at black-and-white drawings on thin sheets of paper is a first glimpse of hope that they will not take up arms.

Deputy Prime Minister on Inter-Tajik Talks

LD0806202695 Almaty PANORAMA in Russian 3 Jun 95 p 5

[FBIS Translated Text] Mahmadsaid Ubaydullayev, first deputy prime minister and head of the Tajik Government delegation at the inter-Tajik talks in Almaty, replies to questions put to him by PANORAMA.

[Panorama] What is your assessment of this round of talks? Could any concrete results b achieved there?

[Ubaydullayev] It can now be said that the results are there. We and the opposition delegation reached an understanding on very important issues, for instance, on the exchange of prisoners of war. This exchange is due to be completed by 20 July. Agreement has also been reached over the future of refugees. The government made very serious pledges in this issue: Houses will be returned and length of service rights restored for refugees. Criminal proceedings will not be instituted against them.

[PANORAMA] Will these commitments help to resolve the problem of refugees, which is one of the most acute problems in the Tajik conflict?

[Ubaydullayev] There is always a great deal of speculation concerning the problem of refugees, in particular their number. Our information here matches that of the UN High Commissioner for Refugees as well as the figures quoted by the migration services of the CIS countries. There are over 150,000 Tajik refugees on the territory of the CIS countries and another 8,000 to 12,000 people outside the CIS. A further 8,000 or so are in the republic itself, mainly on the territory of Gorno-Badakhshan. Most of the refugees have returned from this region but the only road that leads to Pamir is not operational and therefore others cannot leave Badakhshan. In July the road will be operational again and all refugees left on the territory of Tajikistan will return to their places of permanent residence. I think that we will complete this very important process by 9 September, Tajik Independence Day. A total of over 90 percent of refugees have already returned to the republic.

The UN representatives note that the Tajik Government has created all the conditions for the reception of returning refugees. In the meantime the UN representatives have not been allowed to visit many of the camps where the Tajik refugees are.

[PANORAMA] What is your view on the opposition proposals concerning a revision of the republic's Constitution?

[Ubaydullayev] We will reject any proposals contrary to the Constitution. Disregard and violation of the laws cost the people dear. This was the very reason for the outbreak of the civil war, which has claimed over 50,000 lives and caused huge economic damage to Tajikistan — more than 7 billion [currency not specified] from 1 April 1993, according to the information.

The overwhelming majority of the population, or 88 percent of those who took part in the referendum on the Constitution, expressed support, thus raising their voices for a radiant, law-governed and democratic society. The goal of the Islamic Rebirth Party (IRP) is to build an Islamic state not only in Tajikistan — even though the people have rejected this — but also in the whole of Central Asia.

We do not want to be dictated by somebody's will, but we are open to any cooperation on a legal basis. We have managed to reach understanding with other opposition structures apart from the IRP. For example, the Democratic Party will soon be reregistered in Dushanbe.

[PANORAMA] Is it possible in principle that there will be a reconciliation between the Tajik Government and the IRP?

[Ubaydullayev] Our firm intention is to achieve a peaceful settlement of the conflict. However, we are against legalizing the IRP. This party is banned by the Supreme Court. It could rid itself of the armed structures, rewrite its manifesto and statute and register. However this does not suit the IRP. We have not yet reached an understanding over the issue of an amnesty. The Tajik government is carrying out systematic work on granting amnesties. A total of over 10,000 people have already been granted one. However, we cannot stop criminal proceedings against certain persons guilty of mass killings. There are no such cases in world practice.

[PANORAMA] The Tajik Government is often accused of suppressing any dissent in the republic...

[Ubaydullayev] This is not right. Even now four political parties have been officially registered in the republic. As I said another one, the Democratic Party, will be registered soon. We are doing everything to implement freedom of speech and the press. There are five private publications in Dushanbe. The elections for the Tajik president took place with more than one candidate. There are quite a few such examples.

Unfortunately, objective information about Tajikistan can be heard very rarely outside the republic. There may be no killings in the republic over several weeks but should a single shot be fired, news is disseminated all over the world.

[PANORAMA] To what extent does the government control the republic's territory?

[Ubaydullayev] At the moment Tajikistan as a whole is under government control with the exception of Vanch district in Gorno- Badakhshan. We could have established control there in two days, but we do not want more bloodshed. We are taking the path of explaining our aims to the population and of confiscating arms peacefully — over 18,000 pieces have already been collected. However, some forces are trying to distort the meaning of this.

[PANORAMA] It is often heard that the representatives of just one region dominate in the current leadership of Tajikistan.

[Ubaydullayev] They say they are the Kulyabies [from southern Tajikistan]. But this is a lie. All the republic's regions are represented in the leadership, even Gorno-Badakhshan, although the population there forms just a minor part of Tajikistan's population. There is a lot of speculation over this issue, but the people from Leninabad [northern Tajikistan] and the Garm group of districts [central Tajikistan] are present in the government too. Only four out of 21 ministries and state committees are led by Kulyabies.

[PANORAMA] Your government is frequently criticized for the fact that the republic's economic situation remains severe.

[Ubaydullayev] Nobody will deny that we have just recently experienced a savage civil war, to which our government managed to put an end. Tajikistan did not get anything from the shareout of the former Soviet Union. We were forced to introduce our own currency. Of course, we have a lot of economic problems. For instance the average salary in Tajikistan is not more than 40,000 Russian rubles. However, we have also achieved great successes: For the first time ever since the beginning of the war industrial enterprises resumed operations and about 35,000 houses, which were destroyed, 1,500 bridges and other facilities have been rebuilt. Who else has helped us in real terms, not just in words, apart from Russia, Kazakhstan, and Uzbekistan? On the contrary some even laid obstacles. Tajikistan now more than anything else needs an understanding of its economic problems.

[PANORAMA] How do you view the fact that recently the leaders of Kazakhstan, Uzbekistan, and Kyrgyzstan held meetings with the Tajik opposition leadership?

[Ubaydullayev] That is their right. We are sure that they sincerely want lasting peace to be restored in neighboring Tajikistan as soon as possible. This seems to have prompted them to contact the opposition.

[PANORAMA] How do you view the role of the observer countries in the process of settling the Tajik conflict?

[Ubaydullayev] The decisive role in the stabilization in Tajikistan belongs to Russia, which gives the greatest assistance to our republic. Kazakhstan, Afghanistan, and Iran are doing a lot for peaceful settlement. Uzbekistan too, has never left us in trouble. I want to express my gratitude to all these countries for their help and support. I would like to thank Russia, Kazakhstan, and Kyrgyzstan for their help in protecting the borders and toughening controls over the influx of drugs.

I would like to take this opportunity to reassure those Kazakh mothers whose sons are currently serving in Tajikistan: The Kazakh battalion will be withdrawn from the front line in the near future and transferred to the second line. The front line will now be guarded by Russian border guards.

Nazarbayev: Islamist Extremists Will Not Come To Power

LD0806185295 Moscow ITAR-TASS in English 1720 GMT 8 Jun 95

[By Konstantin Pribytkov]

[FBIS Transcribed Text] GENEVA, June 8 (ITAR-TASS) — Kazakh President Nursultan Nazarbayev has called to set up a joint commission with the participation of the Tajik government and the opposition to find ways of peaceful settlement in Tajikistan.

Nazarbayev, currently visiting Geneva, told journalists today that this idea had been suggested to both sides during the fourth round of inter-Tajik talks held in Almaty. Nazarbayev said that this commission might suggest measures to be subsequently discussed by the assembly of the Tajik people and be put to a nationwide referendum to decide what government should come to power," Nazarbayev said. However, the sides failed to reach an agreement on this issue. "Nevertheless, the idea of the creation of the joint commission remains a good seedling which would grow, I think," Nazarbayev said.

"Anyway, measures of confidence have been agreed upon. An exchange of prisoners of war would take place before June 20. I discussed this problem at the Geneva Red Cross committee which would carry out the exchange. Tajik President Rakhmanov will grant amnesty to everyone. An agreement has been reached on the return of refugees from Afghanistan. The opposition says that the number of such refugees is 40,000, while the government says that the refugees number 12,000 and would be accommodated in separate zones", the Kazakh president said. "At the request of representatives of the Opposition I called Rakhmanov and asked him to prevent the execution of those sentenced to death while the talks continue. This has been achieved and therefore, I believe this was an important step," Nazarbayev added.

Nazarbayev does not believe that Islamic extremists will come to power if the elections are held. One of the prominent leaders of the Tajik opposition Turadzhonzoda told Nazarbayev that he does not intend to build up a state on the Iranian pattern since this runs contrary to Tajik national traditions.

"We are categorically against Islamic extremism," Nazarbayev said." We should keep Tajikistan in the sphere of the CIS and protect common borders together, but if free elections are not held and the opposition does not return, we shall have a bleeding wound there eternally," Nazarbayev said.

Uzbekistan

Chinese Foreign Ministry Delegation Visits

LD0906083395 Tashkent Uzbekistan Television in Russian 1430 gmt 8 Jun 95

[FBIS Translated Excerpt] A delegation from the Chinese Foreign Ministry headed by (Lu Sandun) is visiting Tashkent. There was a meeting today at the Uzbek Foreign Ministry at which a reciprocal desire to boost trade and economic cooperation was expressed. The guests focused attention on such areas of developing mutually advantageous contacts as the light and processing industries and the creation of joint small enterprises. The guests expressed satisfaction with the development of cooperation between the two countries.

Also today, Chinese delegation members visited the National Bank for Foreign Economic Activity, where talks were held on prospects for partnership. It is planned that efforts will be directed toward developing concrete relations in the area of banking. Chinese Ambassador Hengguang Guan took part in the meeting. [passage omitted]

Government's Economic Reform Resolution

LD0906105095 Osh OSH SADOSI in Uzbek 7 Jun 95 p 2

[Unattributed article: "How are the economic reforms progressing?; On the progress of the Kyrgyz Government's program for complex measures on insuring implementation of structural changes in the economy in 1994-1997"]

[FBIS Translated Text] The Government of the Kyrgyz Republic notes that the timely and qualitative fulfillment of measures envisioned in the program for complex measures on insuring structural changes in the economy in 1994-97, which was approved on 3 August 1994 by a governmental edict of the Kyrgyz Republic, has become an important stage in implementing market reforms.

According to this program, in 1994 and at the beginning of 1995 the main attention was focused on stabilizing the economy and reducing the fall in production. The average inflation rate was 5.5 percent a month. The national currency's rate remains stable.

The denationalization process has started in the grain complex, the road network, and wholesale logistics enterprises.

Measures aimed at achieving complete liberalization of prices are being carried out as well. The list of monopolist enterprises having control over prices has been shortened by a factor of five.

The first stage in the rise in prices for consumer services to the population began on 1 July 1994. Currently, the level of prices for the population for gas, electricity, and heat accounts for 103.3, 100, and 30 percent of their basic costs respectively.

The further liberalization of foreign economic activities has shortened the list of goods liable to export payments by a factor of four.

The republican government has taken permanent measures to strengthen the social protection of the poorer section of the population. Thus the program tasks planned for 1994 and the beginning of 1995 were fulfilled on the whole.

At the same time, there were certain shortcomings in implementing the program. These were above all the large state budget deficit, the small amount of tax returns, the lag in the pace of denationalization and privatization, as well as in agrarian and land reform, and failure to observe the schedule for working out certain draft laws, conceptions, programs, and other documents.

The approximate tasks envisioned in the program for the cumulative accumulation of taxes have been fulfilled. As a result, the total budget deficit for 1994 came to eight percent of Gross Domestic Product.

One of the main reasons for the rise in the state budget deficit is the mutual indebtedness of enterprises. It edged over 1.6 billion soms at the beginning of February 1995, and the volume of credits (excluding agriculture) reached about 3.7 billion soms.

The privatization pace slowed in 1994. For example, out of 384 establishments envisioned in the program for denationalization and privatization, only 334 were privatized. Meanwhile, 731 establishments were reestablished following applications from them to this end. Of the 50 enterprises in the Ministry of Agriculture and Food's plan, only one state collective farm was privatized.

The auction sales of small enterprises and establishments in a state of unfinished construction are not bearing good results. Out of 160 establishments put up for auction in 1994 and at the beginning of the current year, only 49 were sold.

The work to draft conceptions and programs for the denationalization, commercialization, and privatization of establishments of public health, culture, sports, and tourism by the Ministry of Culture, the State Committee for Tourism and Sports, and the State Property Fund has not been completed.

The government resolution of 27 September 1994 on progress in implementing the program for complex measures on insuring structural changes in the economy in 1994-97 is not being implemented in full. The third article of the above resolution envisions a monthly report to the Cabinet of Ministers of the Kyrgyz Republic by ministries, state committees, and administrative offices on progress in implementing the complex program within five days of the accounting month. Ministries, state committees, and administrative offices are failing to meet this schedule.

In order to define clear ways of fulfilling the abovementioned complex program, regional state administrations as well as the self-administration bodies of Bishkek and Osh cities have worked out regional programs for tax, budget, and monetary and credit policies, the privatization process, the development of the private sector, as well as for development of enterprise structures taking into account local features.

With the aim of completing the unfinished tasks in 1994, as well as the timely and qualitative implementation of the program measures envisioned for 1995, the Government of the Kyrgyz Republic resolves that:

1. The progress report by the Ministry of Economy of the Kyrgyz Republic on implementation of the program for complex measures on insuring structural changes in the Kyrgyz Republic in 1994-97 should be taken into account.

2. Fulfilment of the complex program tasks for 1994 and the first quarter of 1995 is deemed to be completely unsatisfactory.

3. The Ministry of Finance of the Kyrgyz Republic and the State Insurance Inspectorate, in conjunction with other concerned ministries, state committees, and administrative bodies are to set up an insurance company by 1 August 1995 to insure investments.

4. The Ministry of Finance of the Kyrgyz Republic, in conjunction with the National Bank of the Kyrgyz Republic, is to speed up the working out of standardized documents and measures which will encourage and guarantee the transition to a cash-free form in the main kinds of settling accounts by the population.

5. The Ministry of Finance of the Kyrgyz Republic and the Ministry of Industry, Trade, and Enterprise have two months in which to complete preparation of standardized documents on improving and putting in order enterprises' mutually obligatory payments, and expanding cash-free forms of settling accounts in order to regulate the system of payments.

6. The Ministry of Finance of the Kyrgyz Republic, in conjunction with the Ministry of Economy of the Kyrgyz Republic, the chief directorate of the republic's State Commission for Foreign Investments and Economic Aid, the National Bank of the Kyrgyz Republic and Kyrgyzelbank, is to complete work on preparing standardized and instructional documents for encouraging the savings process in the republic and protecting the population's savings against inflation in light of stabilization credits from international monetary organizations.

7. The National Bank of the Kyrgyz Republic is recommended to invite a representative from each of the government and the Supreme Council of the Kyrgyz Republic to join the membership of its board.

8. The Ministry of Economy of the Kyrgyz Republic, in conjunction with relevant ministries, state committees, and administrative bodies, is to define measures on implementing the program for complex measures on insuring structural changes in the economy in 1994-97 and to present coordinated versions to the Government of the Kyrgyz Republic for consideration by 1 August 1995.

9. Local state administrations and the heads of local self-government bodies of Bishkek and Osh cities are to insure unconditional fulfillment of the measures envisioned in the regional program for structural changes in the economy in 1995-97.

10. The State Property Fund of the Kyrgyz Republic, in conjunction with relevant ministries, committees, and administrative bodies, is to introduce corporative management systems in large and medium-sized state enterprises by the end of 1995.

11. Article No.1 of section 8 of the program for insuring structural changes in the economy in 1994-95 which was approved by the republican government on 3 August 1994, is to be considered null and void.

12. Supervision over implementation of the present resolution rests with the economics and market relations, and finance and credit policy departments of the government office of the Kyrgyz Republic.

[Signed] Prime Minister Apas Dzhumagulov, Bishkek, Government House, 22 May 1995.

Armenia

Impact of Minsk Summit Analyzed

954F2468B Yerevan RESPUBLIKA ARMENIYA in Russian 31 May 95 p 1

[Report by Karen Topchyan, by telephone: "Breaking Up Border Posts Is Not Kingly Work"]

[FBIS Translated Text] Minsk, Moscow—The uprooting by the presidents of Russia and Belarus of a post on the Belarusian-Russian border was, seemingly, to have been the symbol of the latest, 17th [as published], meeting of leaders of the CIS, which was held last week in Minsk. But Yeltsin declined to dig up the post, saying that it was not "kingly work," and the post itself was concreted fast into the ground. Chernomyrdin, who substituted for Yeltsin, had, therefore, to confine himself to the cutting of a ribbon symbolizing the state border. Salt was also rubbed into the wounds of Lukashenka, who had been hurt by Yeltsin's refusal to pick up a spade, by Minsk students, who first put up the new-old Belarusian flag with the modified Soviet symbols so beloved by the president at a public restroom and then burned it.

Failing even more to correspond to the planned symbols was the Minsk summit itself. As distinct from the Belarusian president, who is literally forcing himself into the guardianship of Russia (at Russian expense, naturally), the other leaders of the CIS displayed no particular zeal on this matter. President Kuchma said that he would wait to break up the border posts, otherwise he might be doing something "completely stupid." As a result, Ukraine and also Uzbekistan, Moldova, Azerbaijan, and Turkmenistan refused to sign a treaty on joint protection of the external borders of the CIS. A number of Central Asian members of the CIS, and also Azerbaijan, proceeding from their particular view of human rights, rejected the Convention on Human Rights and Basic Liberties offered the meeting for consideration. Generally, with every meeting it turns out that some country or group of countries has a dissenting opinion on an increasingly large number of questions. The absence from each successive summit of some head of state has become a regular feature. Saparmurad Niyazov and Nursultan Nazarbayev "took ill" and did not go to Minsk on this occasion.

But the very location of the meeting—Minsk—required that the hosts' diligence in the integration sphere be marked somehow. Boris Yeltsin, of course, could not have failed to have lauded Lukashenka. "Our integration with Belarus has gone considerably deeper than with other countries of the CIS." But, first, it could just be a question of Lukashenka and, second, of whether the other CIS countries are ready for integration. Any more or less tangible results, on the other hand, may, most likely, be expected only in respect to so-called "dire" business. Thus, in particular, the leaders of the CIS voted unanimously for extending the stay of the collective peacekeeping force in Tajikistan and Abkhazia. A currency committee also was created without any particular disagreements (only Turkmenistan abstained), but there are still many questions here also. The main one is which currency might be the likely medium of payment in settlements among states of the CIS. The ruble would, in any event, hardly be seriously quoted as a kind of CIS Ecu, considering the not particularly respectful attitude toward it in the majority of states of the Commonwealth.

The next top-level meeting will be held in Sochi at the start of November. The leaders of the CIS do not, in all probability, greatly miss one another if they are planning their next meeting not for two months hence (as was the case in the first years of the formation of the Commonwealth) and not for three months hence (as was the case at somewhat later rendezvous) but merely after the passage of more than five months. It is a perfectly reasonable assumption, therefore, that several heads of the post-Soviet states will by the November summit once again prove to be "unwell".

Opposition Paper Views Minsk Summit

954F2468A Yerevan GOLOS ARMENII in Russian 30 May 95 p 1

[GOLOS ARMENII Analytical Department statement: "The CIS Cart Moves Creakingly"]

[FBIS Translated Text] A shot that is of great importance for the present period has finally been "caught": a half-smiling Yeltsin shaking hands with our president. This happened in Minsk, where on 26 May presidents and prime ministers of the CIS countries had assembled for their 18th summit. The leaders of all the former Soviet republics other than the presidents of Kazakhstan and Turkmenistan were present. Even Shevardnadze, who had hitherto cited the great press of business, came. At the end of the meeting Yeltsin declared, as usual, that he was pleased with the results. He has delivered similar speeches even when there have been no results at all, for that matter, but whatever the politicians say, it is obvious to all that the CIS cart is moving creakingly and sometimes coming to a halt altogether.

A breakthrough in integration is apparent, perhaps, only in one area: Following Lukashenka's referendum victory, Belarus and Russia laid the foundation for a so-called Slavic Union. It is around this, evidently, that all further integration processes will occur. Within the framework of this program, Lukashenka and Chernomyrdin demolished what should not have been created in the first place—the customs border between the two fraternal republics. Ukraine, however, is trying as yet not to parade its Slav origins, and for this reason, like Muslim Azerbaijan also, is not yet agreeing to the protection of external borders by guards of the CIS, of whom Russians, of course, are to constitute the backbone.

As for everything else, nothing outstanding occurred, as was to have been expected. A convention on human rights and basic liberties was discussed, it is true, but Uzbekistan, Turkmenistan, Moldova, Azerbaijan, Ukraine, and Georgia, the countries, that is, that have national minority problems, simply did not agree to sign it. Telling arguments were heard against Kozyrev's recent remarks concerning the possible use of force in the event of oppression of the Russian- speaking population in the near abroad.

As far as Armenia is concerned, there is nothing surprising about its consent. In words we are the most democratic country of the CIS. The actual situation, however, is of no interest to the half-smiling Yeltsin, evidently.

President Speaks at 'Republica' Session

NC0806201595 Yerevan SNARK in English
1524 GMT 8 Jun 95

[FBIS Transcribed Text] Yerevan, June 8 (SNARK)—At today's [8 June] session held by the "Republica" bloc, President Levon Ter-Petrosyan stated that no adventurer like Gamsakhurdia or Elchibey comes into power in Armenia. According to him, the ruling Armenian National Movement (ANM) has the right to the people's confidence before the elections to the National Assembly because of services to the country within the last 5 years. It was the ANM's merit that Armenia had escaped chaos during the collapse of the USSR, but only future generations are able to evaluate ANM's 5 year activities.

The President appreciated the "Republica" pre-election program saying that as before, they do not promise the people miracles, but they guarantee positive moves in the future. Armenian statehood is not strong enough yet, and therefore the country needs its present leaders.

The draft Constitution is an approved document based on laws that have helped restructure the Armenian society within the past three and half years. The President said he is sure about positive results of the Constitution referendum on July 5 and, in his opinion, 80 percent of the session's participants will be elected to the future National Assembly.

International Observers Arrive To Monitor Elections

LD0806161195 Moscow INTERFAX in English
1226 GMT 8 Jun 95

[FBIS Transcribed Text] Yerevan, June 8 (INTERFAX) — The first group of international observers from Russia, Switzerland and the United States has arrived in Yerevan to monitor Armenia's general elections due on July 5.

The group will be deployed in Yerevan and in the northern districts of Sisian and Spitak, members of the U.N. headquarters in Yerevan told INTERFAX.

They said that a special department designed to coordinate observer activity was already at work in Yerevan.

The next team of observers is expected to come there in a few days' time. All in all, there will be about 200 of them on the polling day.

The country's election law provides for electing a total of 190 deputies, 150 of them from single mandate constituencies and 40 in a proportional vote.

A constitutional referendum is also to be held on the same day.

Election Commission Official on Procedures

954F2455A Yerevan RESPUBLIKA ARMENIYA
in Russian 27 May 95 p 5

[Interview with Ruben Manukyan, chairman of the Central Election Commission, by A. Mkhitaryan, under the "Selections and Elections" rubric; place and date not given: "Everything Is Dictated by the Law"]

[FBIS Translated Text] The elections will be here soon! But many of us are still far from clear on everything. Whom should we vote for? How do we figure out the parties? Why do people prefer to sign on the line for one candidate and not another?...

The majority of people do not have a clear idea of the mechanism of the elections. And, unfortunately, they are not especially interested in it. People who are curious call the editorial offices and inquire, make demands, and pose questions.... In order to enlighten some and satisfy the curiosity of others, our correspondent went to the secretary of the Central Election Commission, Ruben Manukyan.

[Mkhitaryan] Mr. Manukyan, please describe generally the procedure for nomination of candidates for majority lists.

[Manukyan] The republic is divided up into 150 mandate districts. Every citizen of Armenia residing permanently in the republic for no less than three years who is at least 25 years of age has the right to be nominated from one of them. A person who wishes to become a candidate must file an application with the district election commission and indicate his own particulars and the particulars of his agents who will be gathering signatures for him. Blank forms are issued to the authorized individuals for gathering signatures, and there must be from 500 to 700 of them. It must be noted that the signatures may be gathered only in the district in which the candidate deputy is being nominated. The deadline for submitting signatures is 1800 hours on 25 May. If the district commission checks and discovers that more than 50 signatures are invalid, that is, falsified, unclear, obtained under threat, etc. [words missing] The nomination will also be invalid if the number of incorrect signatures does not exceed 50 but causes the overall number of signatures to drop below 499.

[Mkhitaryan] And how are nominations made according to party, or, to put it another way, proportional lists?

[Manukyan] In general outlines, the two versions are similar. When making a nomination according to the party lists, the public organizations and blocs must gather and submit to the Central Election Commission 10,000 to 12,000 signatures. In this case the maximum permissible number of invalid signatures is 300. Additionally, each candidate deputy included on the party lists must pay 10 times the amount of the minimum wage, 4,750 drams, and submit the receipt to the Central Election Commission. He must also submit a certificate stating that he has resided in Armenia for three years and his written consent to run on these lists.

[Mkhitaryan] May the same individuals be nominated on both the majority and the party lists?

[Manukyan] Yes. The law does not prohibit this. It is prohibited to be nominated simultaneously in two or more districts on both the majority and the party lists. If a candidate deputy who is running on both the majority and the party lists has succeeded on the majority list, naturally, he is removed from the party list, and he is replaced by the next person on the list.

[Mkhitaryan] What is the 5-percent barrier we hear so much about?

[Manukyan] This has to do with the percentage of the total number of voters who turned out to vote. The parties that do not manage to gather 5 percent of the votes of the voters who participate in the election will be eliminated from the election race. That is, they will not have any representatives in parliament. Those who pass the 5-percent barrier will have seats in parliament in proportion to the percentages by which they were elected. Incidentally, that is why these lists are called proportional.

Be that as it may, it must be noted that many parties will not receive enough in percentages, while others will go beyond 5 percent. Clearly, there will be no precise figures. With this version, the remaining seats will be divided up by percentage comparisons among those who have the highest numbers.

[Mkhitaryan] How many people may be on party lists, and does this have any significance?

[Manukyan] The lists will be practically unlimited. As of today, Respublika has the largest list—222 names. It is absurd to have only 40 places on the proportional lists and have more than 200 people on the party lists. I assume that the explanation for this is that a large number of the people are running on majority lists as well. Consequently, if they achieve success outside the party list, they are removed from the list. Additionally, some of them are weeded out in the election race. Apparently one can say that the Respublika bloc will simply have a solid reserve. I want to say that regardless of how long the list may be, this does not provide any advantages and has no significance either to the election commissions or to the voters.

Election Campaign Procedures Questioned

954F2457A Yerevan VREMYA in Russian 27 May 95 p 1

[Article by Artem Yerkanyan: "The Elections: Signatures Now Very Expensive, But Votes—More Expensive Still"]

[FBIS Translated Text] All the parties and blocs that submitted an application to participate in the elections in accordance with the proportionality principle have presented the required 10,000 signatures to the Central Electoral Commission. However, the commission registered only 18 out of 20 sociopolitical organizations and their associations. The reason for rejecting the registration of the party Aykandukht, United Monarchist Party, Armenian Revolutionary Federation Dashnaktsutyun of Armenia (A. Aristakesyan), and Labor Alliance was that their leadership failed to submit the entire package of required documents. Most lacked a receipt for payment of a deposit equal to 10 times the minimum wage for each candidate entered on the party slate. The Central Electoral Commission considers its decision final and is prepared to examine potential grievances only if a court decision is rendered declaring the commission's action unlawful.

At first glance, the idea of a deposit would seem to play a positive role insofar as it is intended, on the one hand, to deter casual entries (the money is returned only to the victor), and on the other hand—to ease the burden imposed on the state budget in connection with the elections. When we delve deeper into the matter, however, we see that the deposit is in fact a qualification of financial means that puts not particularly wealthy political parties in a clearly disadvantageous situation. Can the Republic bloc be expected to fork out almost 2 million drams in ready cash— over $4,000— just to nominate its candidates (222 individuals in the proportional system and 150 in the majority-based system)?

Amounts of money spent on graphic campaign propaganda should also be taken into account. The law stipulates a fairly low maximum amount for the production of posters and leaflets, but clearly it is not very difficult to conceal the true level of expenditures for this purpose. If we presume that during the course of the preelection campaign each of the 150 Republic candidates will have spent an average of $150, the total amount (including the deposit) comes to $26,000-27,000. One would have to agree that far from all AOD [Armenian Pannational Movement] competitors can permit themselves to do this.

Many people find it somewhat unexpected that the barrier established by the requirement to amass 10,000 signatures was successfully crossed by even the parties scantiest in number, like the Nationalist Party, Royal Party, People's Organization, and Arakalutyun. The ease with which parties managed to secure the prescribed minimum number of signatures has reinforced the arguments of those insisting, during the course of discussion of the law on elections, that a more difficult signature collection requirement be established. In essence, the signatures have not become a mechanism for screening out incidental organizations—the role they were intended to play.

It is clearly no accident that the ruling party has striven to maintain the barrier at a symbolic level. After all, the pro-government Republic bloc is interested in seeing as many contending parties as possible participate in the elections. It is the opposition forces that must fear competitors more than the AOD and its partners. The convictions of supporters of the ruling party are more or less firm. While the votes of opposition-oriented voters, distributed among a large number of opposition parties, will increase Republic's chances. The same can be said with respect to the majority-based elections, where up to 10-15 opposition candidates, plus candidates not representing political structures, will be opposing a single representative of the pro-government coalition.

The legality of the signature collection process in many districts leaves much to be desired, putting it mildly. We know for certain, although it is not proven, that several candidates or their proxies have offered bribes for voter signatures. In certain districts, the cost of a signature has reached $10. Almost unnoticed against this background are the unoffensive methods of obtaining signatures, such as promises to fill up a ditch along a building entranceway or to stop the attempts of competent organs to cut off cable and wire connections installed illicitly.

But far more serious violations have taken place during the course of the "signature campaign"—criminally punishable blackmail, for which the candidate nomination system chosen by the parliament acts as a growth medium. The personal data on a voter who has signed a list in support of one candidate or another are recorded. Access to signature booklets submitted to the electoral commission for examination of authenticity is completely available to anyone interested. In other words, the elections are becoming no longer secret, which certain parties have taken advantage of in blackmailing the populations of entire villages. For example, in one settlement in the southern part of the republic, even before the signature collection campaign began, a group of people connected with the law enforcement organs appeared and threatened severe punishment to any villager who assisted in the nomination of any candidate other than the one they cited. Thus, while not having any special means at their disposal of influencing the voter during the course of the election itself, certain forces have shown a preference for eliminating competitors during the very first phase— by blocking nominations. The preelection campaign methods that will be employed during the second phase, which begins 10 June, must logically be more sophisticated.

There remain 38 days until election day.

Commission Reports 'Numerous Fake Signatures'

NC0806204595 Yerevan NOYAN TAPAN in English 1118 GMT 8 Jun 95

[FBIS Transcribed Text] 8 June (NOYAN TAPAN)—On June 7, the Central Electoral Commission on deputy elections to the National Assembly refused registrating a list of candidates of the public and political organization "National Progress". The decision was stipulated, according to different sources, by the fact that there were numerous fake signatures in the signature books. NOYAN TAPAN correspondent met with Gurgen Boyajyan, a member of the commission, checking more than 10,000 signates. According to Boyajyan, the number of false signatures detected in signature books of the public and political organization "National Progress" does not in fact exceed the norm provided by the law. He reported the following figures: in the first five signature books - 32 fake signatures; in the second - 22 false signatures; in the third - 30; in the fourth - 40; in the last three signature books - 19 fake signatures.

Thus, out of 10,000 signatures 143 ones are false (absence of passport number, signatures of those born in 1977, the so-called "double signatures etc.) which is not prohibited by the law and must not impede the registration of the "National Progress".

The results of the checking were in time reported to the Central Electoral Commission which, nevertheless, took, according to Boyajyan, "not a juridical but an illegal and criminal decision" based on political orientation of the majority of commission's members, representing the pro-Presidental "Hanrapetutiun" bloc. According to him, the Central Electoral Commission ignored the demand by more than 10,000 Armenian citizens supporting the nomination of the public and political organization "National Progress". Being non-partisan and fully unaware of the pre-election program of the organization "National Progress", Boyajyan stated that if the protest by this organization was considered he would be ready to give testimony in court as a citizen and a member of the Central Electoral Commission.

In Boyajyan's opinion, the parliamentary elections cannot be free and democratic unless the organization "National Progress" participates in them. The authorities and the opposition must be interested in free and fair elections. That is why they must make efforts to register the organization National Progress.

Christian Democrat Leader on Elections

954F2458A Yerevan RESPUBLIKA ARMENIYA in Russian 27 May 95 p 5

[Interview with Azat Arshakyan, leader of the Christian democrats of Armenia, first chairman of the East European Christian Democratic Union, and deputy of the Supreme Council of the Republic of Armenia, by Ida Martirosyan; place and date not given: "The Opposition Had No Alternative"]

[FBIS Translated Text] What today is the real distribution of political forces? What appear to be the processes occurring at the epicenter of the election struggle and within society? To what extent do the cliches and stereotyped thinking and propaganda correspond to reality? An interview with Azat Arshakyan, leader of the Christian democrats of Armenia, first chairman of the East European Christian Democratic Union, and deputy of the Supreme Council of the Republic of Armenia, was built around these topics.

[Martirosyan] Mr. Arshakyan, how, in your opinion, in what respect, will the future parliament mainly differ from the present one?

[Arshakyan] This has been a parliament of transformations. If we are alluding to the time and scale of the sociopolitical restructuring. If, on the other hand, we are talking about it locally, merely as a structure, it was a polishing of the mold: a new mold because there had been nothing similar before it. It may now be considered that the mold has been cast. The future National Assembly, therefore, will not transform and will not structure but will work to a predetermined format. This at the mechanical level. Concerning the times—they also will be different, more stable. If I have called the present one a parliament of transformations, therefore, I shall call the next one evolutionary.

[Martirosyan] But some people believe that, on the contrary, it will not represent progress but regression, giving as their reason for this the fact that it will not be fully professional. That is, "racketeers" and "businessmen," who have understood what opportunities are promised by such activity with its possibilities of contacts, are trying to get elected to it.

[Arshakyan] Such thinking most likely comes from the postulate that the people cannot figure anything out. I do not think this way. Not 100 percent, perhaps, but the new Supreme Council will be far more professional than this one.

[Martirosyan] Thanks to what? If many of the present ones remain in it, it may be considered that they have become professionalized. Although, of course, a professional parliament implies something else.

[Arshakyan] First, some of today's deputies will return, or more precisely, will remain here. Second, a culture of parliamentary activity has, on the whole, emerged in these years. Third, that same 100 percent professional parliament, about which so much is being said, has a negative side also. Many enterprising practical people are simply unwilling to sacrifice their work, although they would agree to a pluralism of positions, as now. Employees of the executive would be faced with exactly the same dilemma. In erecting before all of us the 100 percent professional Supreme Council barrier, we would thereby be opening the doors to people who, by and large, had not made it. There would be lawyers who had failed to become attorneys and judges. There would be scientists who had not achieved a particular position or degrees, businessmen who had been ruined, and so on and so forth.

Failed, that is. Yes, they would be involved only in the Supreme Council, but what kind of quality would they bring? One hundred percent? I doubt it. Society has to mature to the level at which it is its successful members who, faced with the business or parliamentary activity dilemma, give preference to the second. This level is possible with a particular material basis.

This is not a trifling matter, this cannot be disregarded. Were the deputy's pay sufficient for maintaining a normal living standard for his family, he could for four years sacrifice more lucrative activity and could, if he so wished, engage in political activity in earnest.

[Martirosyan] Many people believe that the elections will be "power," "police" elections, incidentally.

[Arshakyan] This is not even slander, it is invective from impotence. What could the justification for this be? If this is a police state, if the elections are police-controlled, as the opposition press writes, how is the newspaper GOLOS ARMENII publishing and three of its members of staff, if I am not mistaken, intending to run for parliament? This is not democracy? Let them fight and win, not make unsubstantiated complaints.

[Martirosyan] Why are you in a bloc with the ruling party?

[Arshakyan] Because I agree with the program it is implementing and believe that it should be helped here.

[Martirosyan] You do not agree, that is, with the charges leveled at them?

[Arshakyan] I believe that the significance of the ruling party is being exaggerated. Yes, it is the ruling party, and this determines much, but not all. As far as the accusations that it has brought the republic to so grim a condition are concerned, this is an exaggeration because the majority of negative phenomena are the fruit not of its activity but of the objective processes inevitable following the collapse of one system and the formation of another.

[Martirosyan] How would you evaluate, more precisely, describe, the present state of society?

[Arshakyan] Stabilization with a tendency toward upturn is under way. The progression of the disease has been arrested. The crisis has passed. For some period we became lost, as it were. We have now emerged from this state of disarray and confusion. This is undoubted progress.

[Martirosyan] What would you put among the achievements of the present authorities, what, among their shortcomings?

[Arshakyan] I put highest of all its patriotism and democratism. Lowest, the fact that it has been unable to undertake a precise social gradation of the societal strata and become a guarantor of a normal life for the least socially protected. Liberalization is a correct process, but at the same time it is the state that should come to the defense of the interests of those who are becoming its casualties to some extent. The honest and dishonest citizens cannot be allowed to suffer equally. Each and everything cannot be reduced to the same level. I said that I attribute to the undoubted merits of these authorities their democratic character and patriotism, I would like greater humanity—in the social aspect—to be added here also.

[Martirosyan] And how do you evaluate the opposition?

[Arshakyan] It is weak.

[Martirosyan] Why?

[Arshakyan] My answer will surprise you, perhaps, but I believe the reason to be the fact that it had no alternative. That is, the policy of the ruling party—given a sober analysis of the possible alternatives—proves the most realistic. No, the path along which it has led the country has not been strewn with roses, and it is for this reason easy to criticize it for the tribulations that have fallen to the lot of the people. But, when put to the test, it has proven impossible to offer anything better, given the actual mosaic of internal and external factors. This is why I consider the policy of the Armenian Pannational Movement optimum, given the source data with which it began its activity as a ruling party. There is no alternative to this development. For this reason the opposition cannot offer anything that evokes unreserved affections and makes it a real force.

[Martirosyan] I must say that your answer did not particularly surprise me. I refer not to its essence, which, I confess, appears quite interesting, but to something else. After all, you started out as opposition, then there were the epithets "centrists" and "constructive," and you have been for some time, "one way or another," in a bloc with the Armenian Pannational Movement. You can compare from within, that is. Nonetheless....

[Arshakyan] Nonetheless, I remain the constructive opposition, but in a bloc.

[Martirosyan] You were a sponsor of its formation, I believe.

[Arshakyan] Yes. And I consider this the right move because the Republic bloc today constitutes the parliamentary majority. Constructive, incidentally.

[Martirosyan] Nonetheless, there is something paradoxical in the fact that a ruling party, which is undoubtedly strong as it is, is operating as a bloc. And the opposition, which logic would, seemingly, prompt to unite to become a real force, is disunited. Why?

[Arshakyan] It cannot unite. An affinity of interests and unity of high purposes are needed for unification. The opposition, unfortunately, is pursuing particular ends. They have egotistical, personal goals. This rules out a community of interests and the possibility of consolidation.

[Martirosyan] And, in conclusion, how do you think the elections will proceed and whose side will the electorate's sympathies be on?

[Arshakyan] I believe that the elections will be entirely democratic. As for sympathies, at the last moment the electorate's sense of reality and sobriety will prompt it to bank on us, on the Republic bloc, on the ruling party.

This should not be seen as odd in the context of how much criticism of it is being heard at this time. This is natural. The right of the people to criticize the government, demanding ever better things of it. And it is the possibility of this, incidentally, which is the best proof of the existence of democracy. It is for this reason that, despite their present unhappiness, people will show their preference for the party that has accorded them the right to criticism, the right to a free choice.

Handling of Draft Constitution Criticized

954F2430A Yerevan GOLOS ARMENII in Russian 23 May 95 p 2

[Article by Vagen Sarkisyan under the rubric "Notations in the Margins": "Long Live the 'Canistution'"]

[FBIS Translated Text] Those who still remember the Union parliament will undoubtedly recall the incomparable Rafik Nishanov and his "canistution." The deputy speaker kept saying untiringly "the canistution permits" and "the canistution does not permit," while Soviet society, living through its last days, was aware that it should not pin its hopes on a "canistution" that permits, for instance, the right to self-determination and at the same time rejects the practical realization of this right. I will cite the example that was most painful for us in order to refresh your memory of some special cases stemming from the Soviet Constitution. The furor around the two drafts (that of "the six," and the "official" draft), the partial expansion of the constitutional commission, the current parliamentary debates, and the publication of the documents in HAYASTANI HANRAPETUTYUN (where the word "draft" was extremely unethically dropped) leave the impression that we will again be presented with a "canistution." Journalists were kept away from the commission—it preferred to work behind tightly closed doors— LRABER's dry reports, and finally, a legal scholar who resembled Figaro do not impress me for quite understandable reasons. The national fundamental law as the final truth, the object of pride and respect in any Western country, becomes in Armenian circumstances a regular legal act that can influence the political disposition of forces, and no more than that. True, this disposition by itself will affect our life, increasing legal nihilism even more, but overall, civic indifference bordering on infantilism remains at the same level.

The main flaw of the draft, which will soon be presented for our judgment, lies precisely in that it has not become a product characterizing modern Armenian thought. Even with conceptual contradictions, it was a must for the draft constitution to symbolize and impose national accord in our house (you may call it consensus). We, however, judging by all the signs, got an armchair document, an ecologically clean product of political conformism. As to legal thought, few, I think, have doubts now that Vl. Nazaryan can produce two or three similar drafts depending on the party affiliation of the customer. He became quite skilled in this working on two Soviet (Brezhnev's and Gorbachev's) and two Armenian (the "Dashinka" and the official) draft constitutions. Hence the spirit of legal casuistry wafting from the document upon more or less close examination.

The provincialism of our politicians in the power structures, and the opposition for that matter, although the latter had to go into all-round defense (not to mention legal scholars), manifested itself graphically in neither being able to rise above narrow partisan and strictly personal interests. The president gave away the formula of momentariness when he spoke in parliament on the eve of adoption of the constitutional law: "The opposition does not hide the fact that in the event of electoral victory it intends to reduce the president's powers, while we do not hide the fact that we want to preserve this power in our hands." The draft of the constitution also falls into the logic of this quote, especially in the part on dividing powers. This is the whole problem: The draft became a result of the "authority—opposition" intrigue instead of a document of strategic importance in the fate of a nation living through an extremely difficult historical period, a document defining the quintessence of statehood.

We have never defined the most important point: What kind of country we are building and how we see it in the next century (which we are very close to entering). I could cite another 10 or so criticisms that simply beg to be noticed, and which reduce the significance and authority, the social and political importance, and real legal force of the potential fundamental law of the country.

The document has not yet been legitimized (in the parliament or at a referendum), but it is already being ignored in the most direct sense of the word. Here is a graphic illustration. For instance, in keeping with the draft, the National Assembly consists of 130 deputies. In reality, on 5 July we will elect 60 deputies more.

Or, according to the draft, persons who are the subjects of preliminary investigation may run for deputy seats, but in fact, in keeping with the law on elections, they are stripped of this right. The constitution envisages a professional parliament; we, however, as is known, will get a semi-professional one—with the eternal problem of quorums and deputy roll-call bordering on the absurd.

Let me add that the draft envisages banning deputies from holding state positions or paid jobs. Now let us look at the AOD's [Armenian Pannational Movement] party lists and feast on a cohort of state ministers, ministers and agency chiefs, and rayon council chairmen. Another characteristic example of casuistry in the draft: *"Deputies shall be guided by their conscience and convictions."* Few, I think, doubt that in our environment "conscience and convictions" belong in the category of theoretical notions. And finally, what do we do with voters who cast their votes for a particular deputy whose conscience "fluctuates" depending on the demands of his stomach?

I am amazed at the apathy, or rather, conformism of the academic community, which is aware of, and tacitly consents to, the possibility of adopting a constitution that needs serious additional work and modifications. Even supporters of the authorities from among the moderates have acknowledged the clumsiness of certain provisions, which, in the opinion of the latter, can be ignored—one can correct them later. When? When extremely complex sociopolitical problems lead us into a dead end, while the Constitutional Court proves its impotence citing the ambiguity and omissions of the fundamental law? Should one blindly model a conflict, which in turn will spare no one? Reading the final draft with a critical eye was extremely important from a variety of standpoints, so as not to trumpet later the need for corrections, the adoption of which is made difficult by the document itself (at the initiative of the president or the National Assembly and only through a referendum; at the same time, citizens are deprived of any initiative).

Should we assume that from the moment the new constitution is adopted Levon Ter-Petrosyan will cease being the president of the Republic of Armenia? Because this is when the 1978 constitution, with all amendments and addition, ceases to be in effect. The draft in a way abolishes the position of the president as head of the executive branch and introduces the position of the president as *"guarantor of the republic's territorial integrity and security."* In the fall of 1991 the overwhelming majority of the people voted for L. Ter-Petrosyan, electing him president of the Republic of Armenia in the capacity of head of the executive authority. Although the institution is still called the presidency, it fulfills a different function—that of guarantor plus, judging by the powers attached to it, overseer of three other branches of authority—executive, legislative, and judiciary (*"the republic president is guarantor of the independence of the judiciary"* (?!)—Article 94 of the draft). It follows that along with adopting the constitution, we need to hold presidential elections, since, according to the draft constitution, a referendum cannot replace presidential elections. After all, L. Ter-Petrosyan did not take an oath that includes the obligation to uphold the constitution (in keeping with Article 54 of the draft).

I am not a jurist, but these contradictions are obvious to me, although they probably are arguable. In this case I am not arguing that L. Ter-Petrosyan should not serve out his term as president—I am merely pointing out the score of questions that need public discussion, because they do not tolerate variant reading and free interpretation.

I can cite quite a few arguable articles, and not only from Chapter 3 ("The Republic President"), that create a huge playing field for improvisation. We are not talking about figure skating, however—the subject is presidential powers, loose interpretation of which creates a breeding ground for unlawful actions, which then have to be fitted and framed into a legal definition later (as it was after 28 December). The problem, I repeat, is not even that the draft constitution gives the president excessive powers. There is nothing strange in this: The text has been written for a specific president, with the forms and methods of governing that suit only him. What is much more dangerous is that on top of everything else these powers are unclear. No matter how arguable the above considerations may be, the very fact of ambiguous reading of the draft constitution attests to its obvious shortcomings. It is naive to assume that we can adopt such a truncated constitution and become aware of ourselves as a nation. It is blind to hope that the constitution, should it be approved in a referendum by the people, the overwhelming majority of whom have never read the text, will ever become a subject of pride and respect. It still has to go a long way from a "canistution" to a constitution. And we, mere mortals, apparently are to shoulder all the hardships along the way.

Balayan on Manukyan Death, Other Issues

954F2456A Yerevan VREMYA in Russian 27 May 95 p 3

[Interview with Kim Balayan, Supreme Council deputy and Armenian Revolutionary Federation-Dashnaktsutyun chairman, by Naira Manucharova; place and date not given: "Kim Balayan: 'The Search for "Enemies" Is Evidence of the Crisis in the AOD'"]

[FBIS Translated Text] First there was the word....of Levon Ter-Petrosyan. It has probably become a good tradition to methodically, speck by speck, weed out of society "enemies of statehood," pillorying them with an accusing finger. Masks are torn off one by one, but the "ball" goes on. Along with Dashnaktsutyun, sentence is already being handed down to such figures as Vazgen Manukyan, David Vartanyan, and Ashot Manucharyan....

Unwittingly, the question comes up: Will the fragile Armenian statehood withstand so many "enemies?" On the other hand, the "enemy" ranks also are thinning. As is known, among recent "dropouts" is Artavazd Manukyan, member of the ARF Dashnaktsutyun, who was under investigation in the "Dro" case.

[Manucharova] Kim Gabrielovich, how can you explain the fact that the question of setting up a commission to investigate the cause of death of Artavazd Manukyan was not included on the agenda of the Supreme Council session?

[Balayan] We prepared a draft decision on setting up a multiparty commission, which would look not only into this incident but also into the situation of others under investigation. However, the ruling group, using proven methods, ensured that the question was not included in the agenda. In the end, there was only the well-known speech by the president. Experience shows that every time the ruling group is torn by internal conflicts, an attempt is made to find an "external" enemy, in the face of which AOD [Armenian Pannational Movement] members have to join ranks. At least until the elections. It is a known fact that there is an antagonism between the GUNB [State Administration for National Security] and the MVD [Ministry of Internal Affairs], the GUNB and State Minister Vazgen Sarkisyan, and the aforementioned state minister and Vano Siralegyan. There is a group in the AOD that is attempting to take over power. David Shakhnazaryan's resignation was a result of such an antagonism. There comes a point when a person cannot commit even greater lawlessness than he has committed until then. David Shakhnazaryan could not step over that line.

[Manucharova] And what is that line which, in your opinion, he could not step over?

[Balayan] The order to file criminal charges against political figures, ARFD members.

[Manucharova] Can you be more specific?

[Balayan] I know that there have been directives regarding Vaan Ovanisyan, Ruben Akopyan, Garnik Isagulayn....

You may have noticed that the president's speech was anxious. The accusations he poured out are left "hanging" in the air, unproven. While the opposition was not given the opportunity to present the facts it had in its possession. Quite a few of them.

[Manucharova] Are you talking about the latest events?

[Balayan] The president was convinced that if the question was put on the agenda, I would have presented the gist of the case within 30 minutes, after which questions would begin. I was prepared to answer all questions, because I have thoroughly examined the circumstances of this case. Besides, the documents I had in my possession point unequivocally to one thing. Artavazd Manukyan was killed. The formal inquiry, which was conducted with gross violations of the law, pursued only one goal—to come up with an answer acceptable to the authorities. Suffice it to say that even the attorney on the case was not informed of the decision to set up an inquiry. None of the experts took the trouble to answer the question: Did the physicians do everything to save the life of the man under investigation? Artavazd Manukyan's attorney, however, sent his first petition to investigative department chief Gazalyan as early as 16 March. It contained a detailed description of the state of his client, and the concern that he was being subjected to violence. As early as that time the attorney insisted that his client urgently needed specialized medical help.

On 6 April General Procurator Artavazd Gevorkyan received a second petition from the attorney, which contained, in addition to concern regarding his client's health, a complaint about the investigative department chief, who did not respond to the first petition, although the law requires that if a petition is denied, this must be substantiated in a special decision. The general procurator referred the second petition to Gazalyan (?!). As a result, on 12 May, when investigators came to conduct a scheduled interrogation, chief physician Kazaryan told them that A. Manukyan's condition was so grave he could not answer a single question. Three days before his death, on 13 May, the attorney wrote a third petition. There is this comparison in it: If the condition of a passenger on an airplane becomes grave, and the flight captain does not take all possible steps to save the passenger, criminal charges are brought against him for dereliction of duty. So why is it that in this case no charges have been filed since March and nobody has been held responsible?

A. Manukyan was offered a choice: Either he confessed that he had committed crimes (which crimes was unimportant) and then he would get treatment, or.... This threat was carried out. Chief physician Kazaryan admits that it is impossible to provide specialized treatment in a prison hospital. Is this not sufficient proof that A. Manukyan was killed and did not just die suddenly?

[Manucharova] Of a heart condition....

[Balayan] This was deliberate murder.

Not too long ago the ARFD faction insisted on being received by the general procurator. We described to him the facts of the illegal searches, illegal detention, and torture of those held in preliminary detention. Much of it he already knew (relatives of persons under investigation had contacted the procuracy before us). The general procurator promised that he would respond to our question in writing within a week. Alas ...

For instance, during the search of the Bureau's offices, Ashot Papazyan, who was on duty at the time, was detained. He was held in a KPZ [preliminary detention facility] for 21 days (the law sets a maximum of three days), and then later a protocol was written stating that he was allegedly there for one day. After we raised this issue, Papazyan was arrested for the second time—this time with the procurator's sanction. And he is still in detention. Or another fact: An attorney, seeing that his client was being subjected to beatings, sent a petition demanding an expert evaluation. He filed the petition on 26 April, but the evaluation is set for 3 May. Naturally, after a week bruises disappear....

As to the murder of Ambartsum Galstyan, regarding which so many statements are being made, to the best of my knowledge, judiciary- investigative organs have no evidence or proof that this was Dashnaktsutyun's doing. The purpose of all these accusatorial "maneuvers" is only to distract people's attention. The president, anticipating another AOD defeat in the upcoming elections, is trying to create the appropriate public opinion by smearing the opposition. This is just propaganda. The ruling group needs an "enemy"—external or internal—in order to continue to rule.

[Manucharova] Why did you decide that the AOD's defeat is obvious?

[Balayan] There is not a single sociological survey showing the AOD with a higher rating than that, for instance, of Dashnaktsutyun. And if the people say "yes" to the Respublika bloc and the constitution, by doing so they will tighten the noose around their neck. Back in November of last year 10 members of the Supreme Council Presidium issued the statement that the law enforcement organs, whose job is to protect the rights and interests of citizens, have essentially turned into punitive squads. Today this has been raised to the level of state policy.

And if we do not succeed in changing the authority by legitimate means, I will judge harshly those who will try to do so in a different way.

[Manucharova] Are the parties ready to employ illegal measures?

[Balayan] This is a sensitive question, because in Armenia parties are still at the formation stage.

[Manucharova] What about those that formed a long time ago?

[Balayan] Regardless of the age of a party, political struggle in Armenia is in an embryonic stage. Therefore, I would not undertake any predictions. Besides, experience shows that some parties, on the basis of group and even personal interests, may decide on unprincipled concessions. I, for instance, still cannot figure out, and it pains me, how Ashot Navasardyan, a man thinking on a national scale, ended up in the same bloc with the AOD.

Whichever way it goes, everything will be decided by the elections. Regardless of everything else, they should provide an answer to one question: whether the people approve of the current authorities' policy. We will know the answer to this question on 5 July.

Azerbaijan

Aliyev: Armed Forces Must Be Made To Meet NATO Standards

LD0806175195 Moscow INTERFAX in English 1602 GMT 8 Jun 95

[From the "Diplomatic Panorama" feature: by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] BAKU, June 8 (INTERFAX) — Azerbaijani President Heydar Aliyev declared that the country's armed forces must be brought in line with NATO standards and the demands of the North Atlantic Alliance.

At a meeting with Deputy Commander-in-Chief of NATO Armed Forces in Europe General Jeremy MacKenzie, Aliyev expressed hope that Azerbaijan would be able to use NATO's experience in building its national army. Aliyev reported that in the near term Azerbaijan would hand over to NATO's leadership a presentation document for getting cooperation off the ground on concrete directions stipulated by the Partnership for Peace program, signed by Baku last year.

Speaking about the Azerbaijani army, Aliyev declared that it was primarily created to defend the country, to protect it from aggression, in particular, from Armenia. "We made several mistakes at the first stages of the army's creation and this was the major cause for the defeats to the Armenian army. Now the army is already standing on its feet, while it still needs further modernization," Aliyev said.

For his part, General MacKenzie declared that implementation of the Partnership for Peace program creates opportunities for Azerbaijan to modernize its armed forces in line with NATO's standards. He also pointed out that the North Atlantic Alliance is ready to render assistance to the Azerbaijani army.

MacKenzie expressed the desire to send an Azerbaijani officer to Brussels in order to establish direct contact between NATO headquarters and Azerbaijan's leadership. In his words, a total of 15 out of the 26 states participating in the Partnership for Peace program already have representatives in Brussels.

Aliyev promised to MacKenzie to instruct Azerbaijan's Defense Minister to appoint Azerbaijan's military representative in NATO headquarters in the near future.

SOCAR VP Aliyev on Caspian Oil, Pipeline

954F2476A Baku GUNAY in Russian 3 Jun 95 p 2

[ANS-PRESS report on interview with Ilkham Aliyev, vice president of SOCAR; place and date not given: "'Today We Are Setting the Conditions"]

[FBIS Translated Text] "The uncertainty of the status of the Caspian does not influence the implementation of SOCAR [State Oil Company of Azerbaijan] projects and does not affect its plans," Ilkham Aliyev, vice president of SOCAR, declared in an interview. At the same time he especially noted the support by countries represented in the consortium for the position of the company on the sector division of the Caspian with the preservation of the former sea borders with Kazakhstan and Turkmenistan.

In particular, I. Aliyev informed that before the signing of the "contract of the century" the consortium prepared a legal document based on examples of the resolution of similar contradictions in world practice, in which the rights of Azerbaijan to unimpeded use of a sector of the Caspian shelf as was previously the case are justified and approved. He noted that in the event of an appeal to the International Court of Arbitration, Azerbaijan possesses all the necessary legal documents asserting the competence of present and future SOCAR activity on the Caspian, and simultaneously expressed confidence that "the interests of Azerbaijan will be observed in this event."

After stressing the growing number of companies that want to take part in SOCAR projects for the development of the promising Karabakh and Shakhdeniz deposits, I. Aliyev reported that applications have already been received from such firms as LUKoil, Penzoil, Amoco, TRAO, Elf Aquitaine, Agip, Mobil, Exxon, Shell, and the BP/Statoil alliance.

In the vice president's opinion it is necessary to hold negotiations as quickly as possible because these deposits, in contrast to the Azeri, Chirag, and Gyuneshli deposits, have not been explored and more than three years will be required for geological exploration alone.

I. Aliyev did not rule out the possibility of the official announcement of a tender for the Shakhdeniz and Karabakh deposits, and also a study of the proposals of each company on the basis of competition, as is being done at present for the Shakhdeniz gas condensate deposit, for whose development the main contenders are the BP/Statoil Alliance and the Turkish TRAO oil company.

The main criterion of the SOCAR tender is economic feasibility and a determination of the companies that will agree with SOCAR's conditions and will offer the most commercially profitable projects. "We are now setting the conditions," I. Aliyev said.

At the present time SOCAR is considering the principles of commercial conditions that will be assumed as the basis of the contract. If the parties reach agreement, preparation of the agreement will take no more than four to five months and it will be possible to conclude a contract within six months. As for the Karabakh deposits, I. Aliyev noted that specific negotiations have not yet been conducted.

After touching on the question of Iran's participation in the developments, the vice president of the national oil company emphasized: "We would like that country to take part in SOCAR projects, but this depends on the desire of the Islamic Republic of Iran."

Touching on the influence of Azerbaijan President Heydar Aliyev on SOCAR's activity, the vice president said that "this industry is now the most promising for the country, and the head of state is informed about all events."

I. Aliyev also did not rule out the possibility of refining all "early production oil" at local oil refineries, inasmuch as the volume from Chirag-1 will amount to about 4 million tonnes per year, and the construction of an oil pipeline for these purposes could become inexpedient. "But even when an export oil pipeline is constructed," he noted, "we will refine some of our share at our plants." In addition, the SOCAR vice president emphasized that about 75 percent of all profits from the "contract" will belong to Azerbaijan as the owner of the resources. The remaining income will be distributed among the members of the consortium and SOCAR. At the same time, in his opinion, everyone has a right to be in charge of his own part of the profits, and if it is profitable for the foreign oil companies to refine the oil at local plants, this is their right.

I. Aliyev did not rule out the possibility of the thesis "economics is a hostage to politics" in the question of selecting an oil transportation route. At the same time he noted that it is most likely that this will be a political decision for Azerbaijan, "although for the consortium, naturally, the predominant factor will be economic expediency." But speaking about the problem of exporting "early production oil," he emphasized that "there are no special geopolitical problems here," inasmuch as the technical- economic side of the project will decide everything.

Simultaneously, I. Aliyev did not rule out strong political pressure on Azerbaijan at the moment the question of the "laying of the pipeline" is raised. He expressed the hope for an optimal correlation of political and economic factors in resolving problems of determining the route for the transport of the Azerbaijani hydrocarbon raw material. "Based on today's political situation, it is difficult to say anything on this question. Time will reveal all," I. Aliyev concluded.

Increase in Drug Transshipping Evaluated

95WD0322A Baku ZERKALO in Russian 20 May 95 No 19, p 7

[Report on comments by A. Bagirov, previous transport procurator of Azerbaijan, by N. Medzhidova: "Narcotics Shipment Routes Pass Through Azerbaijan; Within One to Two Years the Narcotics Business Will Make Itself Felt on Such a Scale That It Will Be Very Difficult To Oppose It"]

[FBIS Translated Text] The geographical location of the republic foreordained this deplorable fact. All narcotics routes (sea, air, and rail) pass through our country.

Azerbaijan has exits to Iran and Turkey, and through the republics of Central Asia—to Afghanistan, Pakistan, and other states of the southeastern region. It is difficult to cover all these narcotics transshipment routes, believes A. Bagirov, who until recently was Azerbaijan's transport procurator, and besides, we previously have not encountered organized crime at such a level, and have not worked with an illegal business like this. We heard about the narcotics business abroad, but we did not think it would also become deeply rooted here in the republic. It is difficult now to imagine the scale of this business, A. Bagirov emphasizes. But its prevalence in the republic is eloquently indicated by the fact that in 1994 the law enforcement organs in transport registered 78 crimes associated with the transport of narcotics. In the first three months of 1995 alone there have already been 35 such crimes.

It is quite possible that laboratories for the processing of narcotics raw materials have been established here in the republic and that arrangements have been made for their massive dissemination. The cases associated with narcotics that have been disclosed by law enforcement organs are only a drop in the ocean, A. Bagirov thinks. We have not heard for a long time about the seizure of any kind of organized group in the transport or sale of narcotics. Are there really none? Of course there are—they are simply getting organized now, and for the time being they are in the "initial stage of development." But within a year or two the narcotics business will make itself felt here; moreover, on such a scale that it will be very difficult to oppose it.

What reason do the specialists have for such unfavorable forecasts?

In A. Bagirov's opinion, we were "lucky" in a certain sense that rail connections were closed, inasmuch as usually the transport of narcotics is carried out mainly by railroad. This is associated with the fact that it is rather difficult to find them here—many people make big shipments to the north from here, and concealing narcotics does not present any great difficulty. But now, because the railroad is closed, drug dealers are using air and sea transport to ship this "commodity." It is exactly in this connection that law enforcement organs have begun to frequently find various narcotic substances on passengers at Bina Airport and Baku Seaport.

If you look over the daily data on the exposure of crimes on air and sea transport up to August; i.e., up to the closing of railroad shipments, only one or two cases of the shipment of narcotic substances were recorded. But starting in October of last year, and to this day, such cases are exposed almost every week, A. Bagirov says.

In the last six months especially large amounts of narcotics have often been detected. In January 1994 narcotic substances in an amount of 1.7 kilograms were found at the airport in Gyandzha on Citizen R, a resident of Gyandzha. At the same time, one kilogram of opium was confiscated from Citizen A from Lenkoranskiy Rayon. In November of last year 65 grams of opium were found on passenger A, a citizen of the Republic of Turkmenistan, on the ship Azerbaijan arriving in Baku from Krasnovodsk. In December of last year 50 grams of opium were found on Citizen Z from Turkmenistan, a passenger on the same ship. On 9 May 1995, 50 grams of opium were found on citizens of Azerbaijan who were passengers on the ship Azerbaijan. On 10 May 1995 two kilograms of opium were confiscated at Bina Airport from Resident S of Astarinskiy Rayon, who had arrived from Yekaterinburg. Many more examples can be cited.

According to the information of those who monitor the situation not only in transport but in the republic as a whole, in particular Police Colonel Sadir Mamedov, deputy chief of the Administration in the Fight against Drug Addiction and the Narcotics Business of the MVD [Ministry of Internal Affairs] of the Azerbaijan Republic, the picture that is unfolding is similar. In 1995, 196 more cases associated with illegal narcotics operations were registered than in 1994. In particular, almost twice as many attempts were made to sell narcotics.

But official statistics reflect only exposed crimes and confiscation of narcotics. No one knows how much in fact ends up here. For example, about 500 sealed refrigerator cars from Iran transit Azerbaijan every day. No one unseals them and conducts a full inspection. The situation is the same with most of the goods that cross our borders. It is not ruled out that the illegal turnover of narcotics here has already assumed an interregional and international character. For example, on 6 May 1995 a citizen of Iran, born in 1973, carrying 95 grams of heroin, and a resident of Lenkoran, from whom seven kilograms and 280 grams of opium were confiscated, were arrested in Lenkoranskiy Rayon. The special services of Turkey arrested four citizens of that country and confiscated from them 1,387 kilograms of morphine that were being delivered along the route Afghanistan—Turkmenistan—Azerbaijan— Georgia—Turkey. This route was in continuous use, once again graphically demonstrating the "transparency" or our borders.

What invites attention is the fact that incidents of opium shipment have become more frequent, which has never occurred before—opium was never produced here in the republic. One more innovation is the fact that more and more frequently women of various ages have begun to be involved in the shipment of narcotics—at work here is the purely psychological calculation that men are checked more carefully.

The methods used by law enforcement organs in transport to detect narcotics remain very primitive—inspection of hand luggage and a personal check of passengers. It can be safely assumed that many crimes remain undetected, inasmuch as personal inspection is mainly employed with those who fall under suspicion. It is the same story with luggage. Equipment and specially trained dogs are necessary for a thorough inspection. But the law enforcement organs in transport do not yet have such capabilities.

It can only be guessed at what levels this dirty business in our country is organized. One thing is clear—only the "small fry" are being caught at present. As for the "sharks," they continue to remain in the shadows. In order to get to them it is not enough to possess the newest technology. What is needed first and foremost for this is to have the desire.

An example can be cited. There are nine articles in the Criminal Code of the Azerbaijan Republic providing for punishment for the narcotics business. There is a big difference in the punishment terms: For example, Article 226-1 of the Criminal Code (illegal manufacture, acquisition, and storage of narcotic substances without the purpose of selling) stipulates up to three years incarceration, or up to two years corrective labor. But Article 226 (illegal manufacture, storage, and sending narcotic substances with the purpose of selling)—stipulates up to 10 years incarceration, with or without confiscation of property. It is obvious that it is really not that difficult to change "with the purpose" to "without the purpose," thereby granting a person, or rather selling a person, seven years of freedom. The narcotics business is profitable not only for its producers and vendors....

The super-incomes that the narcotics trade produces, what is more under conditions of almost universal impoverishment of the people, will attract people to dangerous but profitable work. According to S. Mamedov's data, a portion of opium on the "black market," sealed in packets of one-fourth of a gram, costs more than 10,000 manat today. And prices are continuing to grow.

Therefore, one of the most important questions for today in the fight against crime is the fight against the narcotics business. This fight has to be waged in just as organized a way and at the same level at which it is being organized by those against whom it is necessary to fight, A. Bagirov believes. This work must be conducted according to the general state program to combat crime, including the narcotics business. In A. Bagirov's words, narcotics will still create big problems for us: "I am saying this now in May 1995. In the year 2000 we will realize this problem in full measure. But the main thing is not to be late."

National Bank Actions on Currency Reviewed

954F2459B Baku ZERKALO in Russian 27 May 95 No 20, p 6

[EFA report: "The National Bank Supports the Manat, But Artificial Propping of the Exchange Rate Will Bring Negative Consequences in the Foreseeable Future"]

[FBIS Translated Text] There have been no substantial changes in the foreign currency market in May. The extremely tight course maintained by the National Bank (NB) kept the money supply from growing, while high refinancing rates, coupled with the manat's continuing low exchange rate in relation to the dollar, make it senseless for financial institutions to engage in foreign currency operations, both short- and medium-term. The volume of the banks' own funds is so small that it does not allow them not only play in the foreign currency exchange but even to service to a full extent their borrower clients. Unfortunately, the current situation has dealt an especially severe blow to the medium- to long-term investment market, bringing its volume down to zero.

May confirmed once again the thesis of ideologization of the national currency exchange rate, which is playing increasingly less the role of a key economic indicator, reflecting a real state of the economy, and to an increasingly greater extent is turning into some sort of sociopolitical symbol—an indicator of stability. In this connection, the steadily declining trend of the manat exchange rate in relation to the dollar is indicative as an element of the NB's financial policy. Although NB experts deny putting a lid on the exchange rate, a quick glance at the structure and volume of trading at the foreign currency exchange and the chart-like characteristics of the rate convince one that this is not its opponents' invention, but a real fact. At the same time, the NB mechanisms of restraining the exchange rate combine both financial levers—mainly through periodic foreign currency intervention—and purely administrative measures, aimed mainly at commercial banks. The banks, in turn, pay back in kind and the most enterprising among them, taking advantage of the situation, move foreign currency funds abroad.

Despite certain fluctuations, the steadily rising trend in the volume of trading, as well as the sharply divergent pace of the exchange rate decline and that of the increase in trading, clearly show that major financial resources are being spent on propping up the exchange rate. In this case, the question of a drop of the manat's exchange rate is only a matter of time (as soon as foreign currency reserves to prop up the rate run out, it will be the end of the manat's stability).

Another phenomenon that is negative for the foreign currency market is a steadily rising level of the manat's purchasing capacity in relation to the dollar, which leads to a decline in exporters' income and, on the contrary, higher income for importers, exacerbating the disbalance of payments.

In the cash foreign currency market, the Minfin's [Ministry of Finance] continuing policy of limiting consumption and, correspondingly, limiting the money supply also stabilizes the exchange rate, while the lack of manat funds in the hands of the population does not provoke a growing demand for cash dollar. The 5-percent margin set by the NB on exchange operations also plays its role. Because of this, the banks limit themselves to small wholesale operations with cash. Interestingly, the absence of the "black market" is explained by the lack of needed untied manat funds. Sooner or later, the Minfin will have to pay its budget bills, and as soon as new money comes into circulation, exchange speculators will not be satisfied with the 5-percent margin and the "black market" will flourish again.

Such artificial restraint on the manat's exchange rate will lead to negative consequences in the foreseeable future. As state arrears and administrative restrictions on foreign currency purchases increase, the structural crisis in the economy will be aggravated.

Impact of Opposition Party Actions Weighed

954F2471A Baku ZERKALO in Russian 27 May 95 No 20, p 3

[Article by N. Aliyev: "Social-Democrats and Labor Party Members: There Will Be No Marriage"]

[FBIS Translated Text] Not long ago our newspaper reported on the creation in the republic of the left-centrist Azerbaijan bloc at the initiative of the Labor Party and the Social-Democratic Party of Azerbaijan.

This was announced at the time by Sabutay Gadzhiyev, leader of the Labor Party. However, not even a few days had passed before the leadership of the Social-Democratic Party issued a statement that "no negotiations were conducted concerning the creation of a left-centrist bloc, as was announced by Sabutay Gadzhiyev, leader of the PTA [Labor Party of Azerbaijan]." At the same time Zardusht Alizade, deputy chairman of the Social-Democratic Party of Azerbaijan, acknowledged that generally speaking work was being conducted on the creation of a bloc and that the SDPA [Social-Democratic Party of Azerbaijan] intended to draw another two parties into it.

Araz Alizade, chairman of the Social-Democratic Party of Azerbaijan, declared practically the same thing in an interview with a ZERKALO correspondent, adding that "the SDPA will join a bloc with centrist parties in the event it finds like-minded persons among them."

However, there is no doubt whatever that negotiations between the PTA and the SDPA nevertheless had been conducted. Araz Alizade said in this regard that negotiations were conducted with the Labor Party about a merger, but not about a uniting into a bloc. "I learned about the fact that we are uniting for the first time from your newspaper," declared A. Alizade. Concerning the statements by Sabutay Gadzhiyev, Araz Alizade said that this was like the story about a boy and a girl who had just become acquainted, while the girl had already announced their wedding at home. A. Alizade did not clarify who in this story was the boy and who was the girl.

Meanwhile, Sabutay Gadzhiyev, chairman of the Labor Party of Azerbaijan, announced that no negotiations were conducted on a merger between the PTA and the SDPA. "Our party unites several thousand persons, but the SDPA has a total of a little more than one thousand. How is it possible to talk of a merger between the PTA and the SDPA?" asks S. Gadzhiyev. According to his words, the leaders of the SDPA repeatedly tried to persuade leaders of the Labor Party to conduct negotiations with the SDPA concerning a merger. Moreover, the Labor Party leader believes that the Social- Democrats do not have deep roots in Azerbaijan.

In the meantime the leaders of the Social-Democrats once again announced that the SDPA has a chance to perform successfully in the forthcoming elections, but only in the event they are democratic. "If the law 'On Elections' is undemocratic, our party will possibly not even take part in them, although for us elections are the only acceptable method of coming to power," they believe.

Nevertheless, in the hope that the law the National Assembly passes will nevertheless be democratic, the Social-Democrats are mobilizing their forces, trying to create their own bloc and using the potential of the Organization of Social-Democratic Youth of Azerbaijan [OSDMA]. For example, at a meeting of the Central Council of the OSDMA it was decided that the young Social-Democrats would support the SDPA.

But the Democratic Congress at its regular meeting, devoted to the forthcoming parliamentary elections, noted the need to transform its political organization into a real alternative to the current administration. As an example, the possibility of the formation of a shadow cabinet of the Democratic Congress as a counterweight to the government that is functioning now was discussed. In addition, members of the meeting came to the conclusion that the Democratic Congress should come out in the elections as a united bloc, and that specific work in this direction will be developed after the adoption of the law "On Elections."

Practically all the political forces of the republic are attempting to enlist the youth on their side. Recent examples are the all-republic conference of young members of the Democratic Party of Azerbaijan, at which S. Dzhalaloglu, chairman of the DPA [Democratic Party of Azerbaijan], summoned youth in such a difficult moment to participate more actively in the political campaign; the meeting of the leadership of the president's Alliance in Behalf of Azerbaijan Party with the young communists of the republic; etc. All this is not accidental—during the vote the young voters could decide the outcome of the elections.

The presidential bloc of parties is continuing to get stronger. Right after parliament speaker R. Guliyev, Yashar Aliyev, his deputy, joined the New Azerbaijan Party. He is "confident that it is specifically this and other pro-government parties that will get a majority of the votes in the forthcoming elections to parliament." A majority of the high-ranking members of the president's team are now in the ranks of the New Azerbaijan Party. And the New Azerbaijan Party itself, according to a claim of its leaders, unites more than 110,000 persons in its ranks.

Another interesting fact is that Rasul Guliyev is well known as an advocate of the creation of a bicameral parliament in Azerbaijan. The New Azerbaijan Party, as, moreover, a majority of all the other parties, came out for a unicameral parliament. It is possible that one of the consequences of the speaker's joining New Azerbaijan will be that this organization will change its position. Such a probability is also corroborated by the fact that the president's party was joined by R. Guliyev's deputy, Yashar Aliyev, who soon after joining asserted that he adheres to the idea of a bicameral parliament.

In any case, judging by everything, the president's parties have a greater possibility than the opposition parties of being successful in the elections. This advantage is quite understandable, and it is about this that Kh. Guseynov, chairman of the SDPA economic commission, spoke recently. In his words, the SDPA has information that the leadership of Azerbaijan intends to implement a number of economic measures before the parliamentary elections. "These measures will include issuing wages, pensions, and benefits in a timely way and increasing their minimums, rendering material assistance to participants of the war and families of martyrs and refugees, easing the credit regime in the sphere of commerce, intensifying the push to purchase grain from the population for freely convertible currency, and organizing the return of deposits to clients of commercial banks through the Savings Bank and other state structures," declared Kh. Guseynov. He claims that before the parliamentary elections the government will appropriate the means to purchase a large amount of foodstuffs that will be sold to the population for coupons. In Kh. Guseynov's opinion, these measures by the leadership of the country could disarm political opponents and guarantee itself a majority in the parliamentary elections.

Party Leader Cites Oil Deal 'Mistakes'

954F2472A Baku ZERKALO in Russian 27 May 95 No 20, p 6

[Article by L. Yunusova, chairman of the Independent Democratic Party of Azerbaijan: "Lost Dreams"]

[FBIS Translated Text] Azerbaijan is not merely an oil-producing republic. It is a republic organized around oil. It was oil that was the foundation of all our hopes for political independence and economic prosperity. Public opinion regarding utilization of the "black gold" changed literally overnight.

"Oil is our greatest treasure and we cannot allow its 'predatory plunder' by capitalist oil business sharks; let us leave what is hidden in our soil, leave it for our progeny, think about the future generations"—was the opinion in 1990-1991.

Gradually, however, in 1992-1994, an understanding formed that there may not be future generations of an independent republic if we do not use this wealth today to strengthen independence and economic stability.

Bright hopes for an imminent "Kuwait," and generally a multitude of all sorts of goodies, lit up like lights on a Christmas tree. However, over the past few months, gradually but steadily the understanding had been growing in society that although if not a Kuwait then at least an Oman could indeed materialize, and perhaps not in one but perhaps in 10 years, it probably will not materialize considering who is in control of the republic's oil reserves, and how.

First things first, however. By the time Azerbaijan acquired independence in 1991, oil production already had been declining sharply: on dry land—because of natural depletion; at sea—in particular, at the Gyuneshli oil fields—because of barbaric exploitation, plus obsolete technology and lack of foreign currency to modernize production capacities. A quick investment infusion by a first-rate world oil company in just one oil field would not have changed the situation.

The Kaspmorneftegaz leadership, however, resisted transferring oil fields to Western companies for exploitation. It would be at the very least silly to accuse anyone of deliberate sabotage. Natural psychological motives are at work here: our mentality not to "give up our own" to the recently hostile capitalist; lack of understanding of the market economy, where the consumer—not the producer, as under socialism—is the master; fear of the huge responsibility for making cardinally new decisions; and a complete lack of experience in negotiating at the world level (we do not have any such specialists).

Almost four years were irretrievably lost overcoming this "natural resistance." Only now do the participants in this process realize how literally with every week the negotiating terms worsened for Azerbaijan.

The second result of the aforementioned logical traits of our specialists was bringing into the negotiating process on participation in oil field development far from first-rate oil—and even nonoil—companies: Ramco (technical services), Brook International (trade), McDermott (engineering), Holaud [as transliterated] (hotel business, construction), Appacci (a small gas company), Unocal (a third-rate company), and others. It would be normal to build relations with service companies by treating them as contractors. However, some of them became shareholders in a consortium to develop our main oil fields. But this was later; at the first stage, of the first-rate companies there was only BP (and even that not with but contrary to GNK [State Oil Company] efforts). Only after the contract was signed did the powerful Exxon come on the scene. But where are the largest ones—Shell, Mobil, Chevron, Elf Aquitaine, and others?

In January 1991 a tender was announced for the Azeri oil field, which was won by Amoco. Over the next two years the main oil fields were reserved for specific potential operators: Amoco (Azeri, June 1991), BP/Statoil (Chirag, September 1992), Pennzoil/Ramco (Gyuneshli, October 1992). These companies received exclusive rights to conduct negotiations on agreements for the development of each respective oil field; on top of that, a deadline was set for BP—7 September 1993. Upon expiration of this deadline, the Azerbaijani side could accept the terms and sign the final agreement, or it could refuse and begin negotiations with a new partner. A great opportunity to use competition between companies to obtain the best proposal in the interests of Azerbaijan.

On 7 March 1993 an agreement was signed between the GNK and BP/Statoil on key provisions of the development of the Chirag oil field. However, in April the GNK decided to go in the direction of a joint operating company and a consortium.

This was an erroneous strategic decision with far-reaching consequences. A ready agreement with BP/Statoil and others already in the drafting process were pushed aside, and work on creating a consortium began. Had the GNK leadership signed at the time at least the first of the already-finished agreements, by now work would have started at one oil field, and the dangerous downward curve of oil production would have a chance to level out.

Had the GNK proceeded with signing agreements with Western oil companies in a staggered manner, on each oil field separately, it would have allowed us to attract Western investment without attracting wide attention to the "contract of the century," with its notorious political underpinnings. The situation in Russia in the spring of 1993 was fundamentally different from that in September 1994. Had we signed the agreements then, the train would already be moving down the track.

But the signing of the agreement was delayed by another almost year and a half (!). All benefits, including political ones, stemming from competition between companies were lost. Now they united against Azerbaijan. Besides, a consortium is more rewarding for small companies which could not handle such oil fields alone but in a group could go for a large oil field.

On top of everything, creating a joint operating company resulted in considerable bureaucratic organizational complications: incompatibility between different systems, separation from mother companies, technological lag, additional costs, etc.

Finally, the oil contract, signed in September 1994, ended up outside the context of the state of Azerbaijan's oil economy. As we had to point out earlier (ZERKALO No. 13, 8 April 1995), the contract does not contain legal obligations with respect to the time frame for investment and actual work. This nullifies the benefits from signing an agreement with a consortium. Azerbaijan lost control over the oil fields' development, and the consortium can now decide on Azerbaijan's fate depending on the company's internal interests.

At the Amoco press conference on 18 May 1995, Terry Adams said that under the current circumstance the export pipeline (the choice of route is a topic for a separate article) will begin to operate at best in 2003, and profitable oil production will become tangible for Azerbaijan (that is, sufficient to meet domestic needs and modest exports) no sooner than 2005.

The last opportunity to correct the agreement by putting in legal obligations on the time frame for investment and completion of concrete work so as to avoid a lengthy energy crisis in Azerbaijan with all the attendant consequences was lost by rejecting the Locomotive concept, which could be offered to the aforementioned first-rate company Exxon.

Now an awareness is forming in society that the heavily advertised "contract of the century" will not lead to a "Kuwaiti" abundance in the near future. Moreover, erroneous decisions on strategic matters (choosing the worst of available options) in the irresponsibly protracted negotiations process have placed Azerbaijan in a situation where it faces economic stagnation for at least the next five years.

Political independence assumes independent decisions on cardinal problems of the state. That Russia, Iran, and Turkmenistan have formed now a unified position on the status of the Caspian confirms that Azerbaijan has made a strategic miscalculation. A miscalculation that jeopardizes the entire oil construct.

It is not surprising that, speaking on 23 May 1995 in Baku at the opening of the Second International Oil and Gas Conference, U.S. Energy Secretary Hazel O'Leary said that investment will depend on resolving the issue of the Caspian Sea's legal status in a manner that will be satisfactory for all countries in the region. The same idea was repeated by the next speaker, Great Britain's Minister of Energy Tim Eggar.

Thus a series of strategic mistakes has been committed over the past five years.

First, the negotiation process was hopelessly dragged out.

Second, the GNK chose far from the best Western partners.

Third, the GNK selected the least effective and least lucrative form of cooperation—a consortium.

Fourth, the agreement with the consortium does not contain any legal obligation regarding the timing of investment and a time frame for full-scale development of the oil fields.

And finally, fifth, having ruined our relations with Iran, we have created a powerful anti-Azerbaijan coalition on the question of the status of the Caspian Sea and jeopardized Azerbaijan's right to its oil.

In keeping with the "contract of the century," the consortium must make a decision: to go ahead or not go ahead with the program of early oil production before 8 June 1995 (six months after ratification). I would venture that the consortium will say: "Yes, we will go ahead, but on condition that the question of transporting early-production oil is resolved...."

Gambar, Agayev Debate Musavat Charges

954F2470A Baku ZERKALO in Russian 27 May 95 No 20, p 5

[Articles by Isa Gambar and Rasim Agayev, under the common headline "Ten Million Manat—A Lawsuit for Such an Amount Has Been Brought by the Musavat Party Against Supreme Soviet Deputy Rasim Agayev"]

[FBIS Translated Text] A few days ago the mass media reported that the leadership of the Musavat party had brought a suit against Rasim Agayev, Supreme Soviet deputy and committee member of the Congress of Peoples of the USSR; payment of 10 million manat was demanded for moral damage caused the Musavat party. No particular details of the case were reported. For these, we turned to the main dramatis personae of this conflict—to People's Deputy Rasim Agayev and to Musavat party leader Isa Gambar.

Isa Gambar: "In Our Suit, the Point Is by No Means Material Gain"

The fact that Rasim Agayev is a committee member of the Congress of Peoples of the USSR and that he is a passionate supporter of the reconstitution of the "evil empire" we leave to his own conscience, although this activity of his should be dealt with by the law enforcement agencies. But in one of the January issues of the newspaper ACHYG SEZ [name as transliterated], he gave an interview in which he accused the leaders of the ADR [Azerbaijan Democratic Republic] in 1918-1920 of having embezzled state property. In his words, they supposedly then seized the state's gold resources and carried them off to Turkey. With this utterance, not only is the honor and dignity of the Musavat party insulted, but the history of our statehood is slandered, and moral damage is inflicted on thousands of fighters for the independence of Azerbaijan.

Rasim Agayev cites the fact that this information was published in the press in the 1920's. But this source could be groundless, because at that time in Azerbaijan, single-minded propaganda was being conducted against Musavat as the most influential political force. We could find and publish a briefing from Moscow, in which, point by point, methods and means are laid out in the struggle against Musavat and the national ideology—the main role was assigned to slander. We proposed that R. Agayev give a retraction within a month on the pages of this newspaper, but he did not do this, and the newspaper announced that this was the position of the author.

As for the suit against the editor in chief of the newspaper AZERBAYDZHAN and the head of the Azeryun joint-stock company, I can say the following: The procurator general of the republic, speaking before journalists, has announced that there is no proof of the party's participation in the events of March 1995. Nevertheless, AZERBAYDZHAN has for a long time continued to publish "workers' letters," which have demanded the prohibition of the Musavat party and of several other political forces as "accomplices and supporters of the revolt."

It is clear that these citizens are writing under compulsion. But the publication of Rasim Agayev is the dictate of his heart, a cri de coeur. The same applies to the editor of the newspaper AZERBAYDZHAN, A. Mustafayev, and the letter published in this newspaper on behalf of the work collective to the head of the Azeryun production association, R. Agayev.

We intend to bring suit against Minister of National Security N. Abbasov. We knew and respected him as an objective person, but he, speaking from a high rostrum about the March events, stated that the Musavat party intended to side with the insurrectionists. If one is to proceed from this logic, we can also say that the minister of national security intends to carry out a state coup. Let him try to prove the contrary.

Our position is one of principle, and we will not retreat. A contract has already been concluded with the experienced lawyer V. Makhmudov, who will defend our interests. In both cases, we hope for victory, because the truth is on our side. In our suit, the point is by no means material gain. Political struggle between opponents should take place in a process of civilized criticism and constructive dialogue.

Rasim Agayev: "This Is a Pretty Strange Way of Earning One's Living"

In January of this year, after I was voted a committee member of the Congress of Peoples of the USSR, I gave an interview to the newspaper ACHYG SEZ, in which I spoke of the role and significance of the Soviet period in the historical destiny of the Azerbaijani people. In the context of this discussion, I spoke ill of the short Musavat period, hinting at the embezzlement of state funds, which, however lamentable that may be, did take place during those years. As a result, a suit for 10 million manat, bearing the signature of I. Gambar, who now calls himself a "senior," was born into the world, for moral damage inflicted to the deceased leaders of the ADR. Yes, in my view, this is a pretty strange way to earn one's living.

This document, in its implementation and legal content, is completely on the level of the lawmaking of the Milli Medzhlis, which, unfortunately, was headed only recently by I. Gambar. This document is legal to the same degree as I. Gambar's tenure in the post of chairman of the Supreme Soviet of the Republic of Azerbaijan. From a verst away, he reeks of the petty vindictiveness and the penchant for violence and arbitrariness so characteristic of activists thrown out into the political arena of stinking perestroyka. I do not doubt that the story of the court suit undertaken by the Musavat people will end just as ignominiously for them as I. Gambar's tenure in the seat of Supreme Soviet chairman.

Any nonprejudiced person, on familiarizing himself with the true results of the Musavat and Soviet periods, must agree that these are incomparable achievements, both in the sphere of state construction and from the point of view of socioeconomic and cultural development. Today's Musavatites understand this well, and they are naturally irritated by the new tendency, which is gaining strength— the Eurasian integration on the entire post-Soviet space. Beyond this is the future. And this is just what all kinds of "Mustahilists" fear more than anything. For independence, in their interpretation, is a poorly veiled desire to wield power in society according to their own whim. And further. The rating of I. Gambar's party and of him himself, after a number of more than dubious actions, has fallen so low that they have cast prudence to the winds, just so that they could again attract the attention of society. I am sorry that the Musavat's leadership has been drawn into yet another dubious enterprise.

Staff Rejects Order To Remove Paper's Head

954F2459A Baku ZERKALO in Russian 27 May 95 No 20, p 5

[Report by I. Imudlu: "A Scandal in the KHAYAT Newspaper: Journalistic Collective Threatens To Remove Ministry of Agriculture From the List of Founders"]

[FBIS Translated Text] A scandal is brewing at the KHAYAT newspaper. On 16 May, Minister of Agriculture I. Aliyev issued an order to relieve KHAYAT's editor in chief, Afgan Askerov, from his duties. The cause as stated in the order is as follows: unable to organize the newspaper's operations in keeping with the demands of current times; too little attention is paid to educational work in connection with the agrarian reforms; rural problems do not get sufficient coverage in the newspaper. The minister also recalls that the editor already is of retirement age.

By another of the minister's orders, dated 23 May, a department chief of the same newspaper is appointed editor in chief.

However, quite obviously, neither Editor in Chief Afgan Askerov nor members of the editorial board are in a hurry to carry out the minister's orders. According to A. Askerov, the Ministry of Agriculture is only one of the newspaper's founders—jointly with the journalistic collective. And one of the founders is not empowered independently to dismiss the editor in chief. In keeping with the law on the press, only the creative collective has a right to do so.

On 24 May, an extended meeting of the KHAYAT newspaper's editorial board was held. The collective decided that the aforementioned orders of the minister of agriculture cannot be considered legal documents. And if the proper organs do not take effective measures in connection with this incident, journalists will utilize their right to break up with the Ministry of Agriculture as a newspaper founder.

Popular Front Linked to KGB

954F2431A Moscow LITERATURNAYA GAZETA in Russian 24 May 95 No 21, p 7

[Interview with Azerbaijani writer Yusif Samedoglu by LITERATURNAYA GAZETA correspondent Elmira Akhundova in Baku; date not given: "There Were More Things Uniting Than Separating Us...."]

[FBIS Translated Text] [Akhundova] Yusif Samedovich, four years exactly have passed since our last interview for LITERATURNAYA GAZETA. At the time, you were at the epicenter of Azerbaijani political life: One of the recognized leaders of the Popular Front [NFA], a deputy of the just-formed parliament. Much water has passed under the bridge since then. Looking back, how do you appraise what has happened to all of us, and how did these years turn out for you?

[Samedoglu] To be completely honest, I could probably call these four years a time of sobering up and re-evaluation. As a starry-eyed intellectual, I firmly believed that the Popular Front had been created by its leaders as a result of a spontaneous movement. Later, analyzing events, I came to the conclusion that all the popular fronts in all the republics had been created by Moscow— to be precise, by the all-Union KGB. It was a purposeful action, aimed at the disintegration of the Soviet Union, at economic ruin. With all my respect for the talented son of the Azerbaijani people Abulfaz Elchibey and other NFA leaders, they—or we, for that matter—were not running the show. We were only a cover....

[Akhundova] A serious statement....

[Samedoglu] I say it in all seriousness, on the basis of facts—not rumors or idle conjectures. I can name at least three persons who played quite an important role in the NFA and who were KGB provocateurs. I can—but I will not: First, I do not have the necessary documents in my possession, and second, out of concern for personal safety. If you recall, after the Popular Front's ascent to power, the parliament raised the question of declassifying the KGB archives. Who spoke openly against this? The same representatives of the ruling Popular Front. Nevertheless, I do not regret that I was part of that movement. It undoubtedly played an important role in modern history. Despite all the efforts of the KGB's covert and overt agents, the Popular Front made a considerable contribution to freeing the Azerbaijani people from the slave psychology.

[Akhundova] And the participation of Yu. Samedoglu, I. Shikhla, B. Vagabzade, and other popular writers in the national liberation movement helped increase the NFA's popularity in society, right?

[Samedoglu] Unfortunately, subsequent events, especially after the Front came to power, showed that the intelligentsia is not needed. The NFA leaders—on the surface the antipodes of the communist ideology and Bolshevik principles—began to implement the main Bolshevik postulate: Any kitchen maid can run the state.

[Akhundova] And another one: He who is not with us is against us.

[Samedoglu] Absolutely correct. Do you know when the worm of doubt started gnawing away in me? When I saw armed people at a rally.

[Akhundova] I still remember the words you once said at the National Assembly meeting: "Unfortunately, the movement in whose founding I participated has launched a sad tradition of state coups."

[Samedoglu] All in all, in the end I came to the conclusion that the most dangerous thing for a writer is to actively engage in politics.

[Akhundova] So you believe that the experience of the democratic movement in Azerbaijan failed?...

[Samedoglu] In my opinion, everything we witness today, all this runaway lawlessness has nothing to do with democracy. Spiritual hooliganism, no more than that. "Chirping!" Frankly, the Azerbaijani people are not yet mentally ready for democracy.

[Akhundova] So, back to communism, is that it? Many of my compatriots admit with a sigh that they have already lived under communism, that is, under Soviet power. By the way, according to sociological surveys, a considerable share of the republic population currently supports the communists.

[Samedoglu] And this is completely understandable. When I see Mercedes and Volvos crowding the streets of Baku, and on the other hand, an intellectual who does not have enough money to buy bread for his children, and at the same time more and more elite restaurants spring up in Baku, where all that is missing is the plague "Whites Only" and where the "New Azerbaijanis" throw away thousands of dollars in one evening, my Bolshevik essence stirs up in me. I begin to remember our oft-berated and mocked totalitarian past, unwillingly begin to make comparisons, and want to go back to being a Bolshevik.

[Akhundova] This means that the idea of restoring the Soviet Union is also quite realistic?

[Samedoglu] The Soviet Union cannot be restored in its original form, but a post-Soviet single cultural-economic space can be revived—why not? Paradoxical as it may sound, I no longer see any other way out. We have lost a lot, and gained very little. The heads of the CIS states have signed a lot of documents and made a lot of speeches at high-level summits about the need for integration in the political and economic spheres. But not a word about spiritual integration. I, for instance, miss Moscow, my old friends, the Central House of Writers. I want to travel to Kiev, and see my friends. Because we have lived for decades in a single spiritual space. An amazing thing: We berate all these festivals and days of literature and art, saying that it was all for show, pure conformism. But there also were unforgettable meetings; there was an idea that connected talented people. When we heard that the Glavlit [Main Administration for Safeguarding State Secrets in the Press] or the Central Committee had banned some Russian writer's work from being published in NOVYY MIR, we here, on the periphery, got terribly upset and indignant. And if an honest manuscript found public life, we celebrated our common victory. There were many more things uniting than separating us. Our previous interview in LITERATURNAYA GAZETA was called "Nostalgia for Baku." Now I have nostalgia for the Soviet Union. Although upon sober contemplation I understand very well what the USSR represented. But what did we get instead? What does Azerbaijan have today? Twenty percent of the land has been lost, more than 1 million refugees—people who live below the level of normal human existence. By the way, the example of Nagornyy Karabakh shows once again that separatism means bloodshed, no matter what beautiful ideas it wraps itself in. In this connection I cannot help but look at the Chechen events. The Chechen people have lived through a lot of injustice in their history. What is happening today in the North Caucasus is our common pain. I do not agree with Russia's position of applying a double standard. It exhorts us to seek a compromise, to find a political way of resolving territorial disputes, but when it comes to its own territory, Russia prefers to defend it by force. But at the same time, I repeat once again—separatism means bloodshed. I am attracted by the concept proposed by E. Shevardnadze in Almaty—on aggressive separatism. Unless humankind comes to terms with the idea of inviolability of borders and territorial integrity of states, it will end up badly. Any conceptual issues of human rights fail when separatist aspirations surface. And in general, I am observing a very dangerous trend on a global scale: the juxtaposition of Islam and Christianity. The events in Bosnia, Chechnya, Azerbaijan. "Hot spots" emerge, as a rule, at the border between the two. The war between Armenia and Azerbaijan was not at all related to religious factors, but it appears that somebody wants this conflict to acquire an interconfessional coloration. This road leads to a dead end, to nowhere....

[Akhundova] Let us return to your idea that, having acquired independence, Azerbaijan lost more than it gained....

[Samedoglu] Not in a mercenary sense. We have stopped writing and publishing books, writing symphonies, attending concerts and theaters. We are turning into a nation of mongers.

[Akhundova] But there are also obvious pluses of the new freedom. A window to the world has opened for us. Albeit with pain and anguish, we are entering the civilized community.

[Samedoglu] Yes, but why do we have to make a 180-degree turn in the process? When I hear proclamations of exclusively pro-Turkish orientation in spiritual and cultural life, I, for instance, feel inner revolt: Why only pro-Turkish? Azerbaijan is part of the Turkic world, but Azerbaijan also is the Caucasus, and it has 200 years of relations with Russia. There is no question that people have preserved and developed Turkic traditions, but there are also the traditions of the Caucasus, the traditions of our many centuries of relations with the Slavic people. It is now fashionable to send our young people to study in Turkey. We can, of course, send a certain number of young men and women to schools of humanities in Ankara, Istanbul, and Izmir. But for studying physics and mathematics we always had the Bauman Institute and the Moscow State University. And our own universities and institutes too. Look at what is happening now. It is either—or. Either Turkey or Russia; either America or Iran.... Here, on that shelf are my books—they have been translated into 14 languages of the world. However, "Ariadne's yarn" for me has always been the Russian language, Russian democratic culture. The same is happening in other areas of spiritual life. Over 70 years Azerbaijani professional music has traveled a road that took Italian music two or three centuries, for instance. From the first operas to modern symphonies—what a brilliant constellation of composers!

[Akhundova] What is happening now?

[Samedoglu] Now we have developed a strange inferiority complex. We did not have anything good at all, but now that we are becoming closer to Turkey and Iran, now everything will be fine. Meanwhile, it is at the very least nearsighted to underestimate the Russian factor. I will give you an example that is, so to say, visible to the naked eye: Had Russia not supported Armenia so openly, we would have resolved the Karabakh problem long ago. A Russian division, up to 30,000 strong, is stationed in Armenia, and we are powerless against this obvious fact.

[Akhundova] Let us go back from big politics to literary matters. Perhaps I am mistaken, but it seems to me that for you—the author of the famous novel "Execution Day," a professional second-generation writer—writing has currently moved to the back burner.

[Samedoglu] No. I am working; I am writing a modern-day novel. I think it will answer many questions that torment me. It will be a novel about the spiritual collapse of an intellectual in our times. When everything went down the drain and was replaced by emptiness. It is sad but true—I will be 60 this year. So it is time for me to think about my soul, and put a new work on a table.

When I browse through book stores in Baku, I get in a dark mood— trashy pulp is sold at sky-high prices everywhere: "Sex in the Life of Man and Woman," "Secret Passions." There is no Chekhov, Tolstoy, Dostoyevskiy, works of modern Russian writers. We have been placed into some sort of spiritual vacuum.

[Akhundova] Does the Azerbaijan Writers Union, of which you are first secretary, not maintain any ties with the Moscow writers community?

[Samedoglu] Almost none. Over there, complete chaos and conflict reign too. It is hard to figure out with which creative union to maintain relations. There are talented people in each union. Unfortunately, the "left-wing" unions, which unite writers of democratic leaning, unequivocally took the side of Armenia and because of this treat Azerbaijan and our people with open contempt and even hostility, accusing us of all worldly sins. Just read the latest article of Nuykin, who enjoys quite a notoriety here.

[Akhundova] But what do culture and spiritual ties have to do with this? I do not understand.

[Samedoglu] It is hard, and at the same time easy, to understand. If some people think that with the disintegration of the Union the former KGB and other "secret" service structures of all- Union scale have perished, they are deeply mistaken. These organization are alive and well, and going about their business. I would not want to see Russian writers I respect being used the same way we were used.

[Akhundova] Yusif Samedovich, not too long ago the parliament, with your active participation, made an unprecedented decision: It extended state maintenance—that is, budget funding—to a number of creative unions, including he Azerbaijan Writers Union. This decision was warmly welcomed by the intelligentsia. But on the other hand, does this mean that writers have found they cannot afford to be independent of the state?

[Samedoglu] At this point—yes. I understand very well that such a situation does not exist anywhere in the world: Literary magazines everywhere exist on sponsor money of, private donations. But neither has any country had a 70-year tradition of subsidies for the Writers Union, theaters, symphony orchestras. Had we not been put on budget financing, everything would have been closed down— magazines, the Writers Union. For the sake of fairness I should note that unlike the state's financial structures, which have literally declared a war of extermination of Azerbaijani culture, President G. Aliyev and parliament speaker R. Kuliyev are doing everything possible to save our literature and culture from ruin.

[Akhundova] I can understand this about magazines—they do need life support. But the unions? Are they still needed?

[Samedoglu] They are. At the very least so that the people heading them can fight to include literary magazines in the state budget. When we truly make a transition to a market economy and art patrons come on the scene who will spend money on culture, then the question of budget financing will become moot. But now?

[Akhundova] Right now, with all your authoritative standing, you could not protect the AZERBAIJAN magazine, where you are editor in chief, from temporary death—not a single issue was published in 1994.

[Samedoglu] I called a latter-day Azerbaijani nouveau riche and asked him to help the AZERBAIJAN magazine. He strained his memory for a long time and finally asked: "Do we actually have such a magazine?" He has no notion that for more than 60 years a thick literature and arts monthly existed in the republic, just as he has no notion about the existence of other literary periodicals. At this point we should not pin our hopes on help from sponsors, on charity. Over the past three or four years the only real help we have been getting was from the state and its structures.

[Akhundova] At the end of our first interview you made a prediction which, unfortunately, is now coming true. You said: If people think that democracy has won a final victory here, they are mistaken. If people think that a return to totalitarianism is impossible, they are doubly mistaken. And if people think that the military will not go against its own people after Vilnius and Baku, there are even more mistaken. So, where are we indeed heading, after all?

[Samedoglu] Sometimes I begin to philosophize. I think to myself: Perhaps our era coincides with some global biological cycle of cosmic scale in the history of human civilization? After all, civilizations have died and others were born on their ruins. Perhaps this is beginning of the end for humanity? Or perhaps this is the beginning of its revival? I, for instance, would like to hope that it is the latter. Common sense must prevail, after all. We need to return to the bosom of spirituality. We must understand that real Azerbaijani, Russian, and Georgian writers stand on the same positions—those of humanism, good, and justice. My generation is already 60. We are the elders. And we have to use the remaining time to do something for the young generation, for our grandchildren.

I live by hope, which, as is known, is the last thing to die. The intelligentsia has much more in common than is dividing it. With all my dislike for pathos, for slogans, one slogan seems to me topical these days: "Intellectuals of the world, unite!" This is the only way we can stop bloodshed and catastrophe.

And catastrophe is already knocking on our door....

Georgia

Agreement To Strengthen Georgia-Chechnya Border

LD0806161895 Moscow INTERFAX in English 1226 GMT 8 Jun 95

[FBIS Transcribed Text] TBILISI, June 8 (INTERFAX) — Georgian leader Eduard Shevardnadze and Andrey Nikolayev, commander of Russia's federal border guard service, have met in Tbilisi to agree on beefing up the Georgian border with Chechnya. Eduard Shevardnadze himself announced the outcome in an interview afterwards.

He said such a measure was necessary to keep militants and saboteurs out of Georgia.

Shevardnadze also said he had proposed making Tbilisi a center of cooperation for strengthening borders in the Caucasus. He said that Georgia was interested in stability, which could be achieved only through the efforts of Russia, Armenia, Azerbaijan, Turkey, Iran and other countries.

In turn, Nikolayev said that full understanding had been achieved on cooperation in strengthening external borders of CIS member countries.

In the first half of the day Nikolayev left Tbilisi for Batumi, where he inspects a Russian border guard unit on the Georgian-Turkish border.

The border with Turkey is controlled by four detachments of Russian border guards and a brigade of patrol ships.

Before Georgia, Nikolayev visited Yerevan, where he discussed measures to strengthen the Armenian border with Turkey and Iran.

Nikolayev said that in Yerevan specific approaches had been formulated for tackling the border security issue. He also hopes for more trusting relations between the CIS countries in handling border problems.

In Armenia there are four Russian border guard detachments stationed on the borders with Turkey and Iran.

Protocol With Russia To Regulate Citizen Appeals

LD0806175795 Tbilisi IPRINDA in Russian 1300 GMT 8 Jun 95

[FBIS Translated Text] Tbilisi, 8 Jun — The Georgian Committee for Human Rights and Interethnic Relations and the Russian Embassy in Georgia signed a protocol on 8 June, which will regulate the practice of joint coordinated processing of appeals, letters, and requests by individual citizens. According to the Russian Ambassador to Georgia Vladimir Zemskiy, the signing of the protocol marks the beginning of work over a comprehensive interstate agreement.

Russian Troops To Help Protect Refugees

LD0706184395 Moscow INTERFAX in English 1619 GMT 7 Jun 95

[FBIS Transcribed Text] TBILISI, June 7 (INTERFAX) - The Russian peacekeeping forces will act as a guarantor for the security of Georgian refugees stage-by-stage return to the Ghali District of Abkhazia, Georgian Deputy Prime Minister Tamaz Nadareishvili told representatives of refugees after reaching a corresponding agreement with Commander of the Russian Peacekeeping Forces, Lieutenant General Vasiliy Yakushev.

Nadareishvili said the Abkhaz police were expected to be withdrawn from the Ghali District. He said peacekeepers were likely to assume all functions on ensuring order and management there.

Nadareishvili told Interfax that the headquarters of the Russian peacekeeping forces had already been moved from Sukhumi to Ghali in line with the new mandate.

Nadareishvili said the decision on return of all refugees to Ghali without the so-called "preliminary questioning" by Abkhazia was very important.

When asked if these decision were coordinated with Abkhazia, Nadareishvili said that "no consent on this is needed."

However, Nadareishvili declined to announce a concrete date for the return of refugees.

Leading Opposition Figure Charged With 'Treason'

AU0706141695 Tbilisi TAVISUPALI SAKARTVELO in Georgian 26 May-1 Jun 95

[Unattributed report: "Deputy Nugzar Molodinashvili Has Been Arrested"]

[FBIS Translated Text] On 17 May, during the third republican congress of the [radical opposition] Georgian Helsinki Union, an entire police unit headed by high-ranking officials from the city's municipal department approached the "Tsodne" building [Tbilisi] where it was being held. The large number of policemen initially led the participants to believe that their intention was to break up the meeting and carry out mass arrests. However, the police limited themselves to taking up positions in the square in front of the building and sending spies into the hall. It became known later that their leaders had paid special attention to Nugzar Molodinashvili, a member of the Republic of Georgia Supreme Council [under ex-President Gamsakhurdia] and Helsinki Union board member.

When the session came to an end, at approximately 2100, a group of policemen caught up with N. Molodinashvili at the steps to Vera park and informed him that he was under arrest.

The arrested deputy is being held in the preliminary investigation solitary confinement bloc. The case is being investigated by the Procurator's Office. Investigator Otar Japaridze informed the members of the prisoner's family that criminal proceedings were being instigated against him and he was being charged with treason, attempting to overthrow the government, and organizing bandit formations. It was suggested that he should hire a lawyer as soon as possible. As we have learned, Nugzar Molodinashvili will be defended by the lawyer J. Jaqeli during the preliminary investigation.

Ardzinba Cites Conditions for Rejoining Georgia

LD0706155195 Moscow INTERFAX in English 1221 GMT 7 Jun 95

[FBIS Transcribed Text] SUKHUMI, June 7 (INTERFAX) — Abkhazia might re-unite with Georgia only on the condition that the Abkhazian president will have the right to veto cardinal decisions taken by the Georgian authorities, Abkhazian President Vladislav Ardzinba told the Abkhazian parliament's emergency session Wednesday [7 June].

The session deals with the talks on the political settlement of the Georgian-Abkhazian conflict.

Ardzinba said that most Abkhazian citizens oppose contacts with Tbilisi and that Russia was pressurizing Abkhazia to re-unite with Georgia. "The main force opposing Abkhazia is the Russian Foreign Ministry and Foreign Minister Kozyrev," he said.

Speaking about the Chechen war, Ardzinba said that Abkhazia had been campaigning for a peaceful settlement of the conflict. "Certain forces in Russia are trying to punish us for that," he said.

"As to the assertions that Abkhazia is involved in this war, it's a lie used for justifying pressure on Abkhazia," said Ardzinba.

Abkhaz Separatists Warn of Georgian 'Aggression'

LD0706140995 Tbilisi IBERIA in Georgian 1000 GMT 7 Jun 95

[FBIS Translated Text] Moscow, 7 Jun — The Abkhaz separatist mission in Moscow has issued a statement saying that under the guise of the return of refugees, preparations are under way for the entry of Georgian paramilitaries into Abkhazia's Gali District. The statement says that certain commanders from the Russian peacekeeping force who have been holding secret talks with the Georgian defense minister in Zugdidi are assisting this new aggression.

The Abkhaz mission again stressed that the return of refugees to Gali District can only take place in accordance with the UN- sponsored documents which envisage the processing of refugee application forms by the Abkhaz side and the return of 200 refugees a week.

Estonia

Vahi Departs for One-Day Vist to Finland

*LD0706141695 Moscow INTERFAX in English
1221 GMT 7 Jun 95*

[FBIS Transcribed Text] TALLINN, June 7 (INTERFAX) — Estonian Prime Minister Tiit Vahi went on a one-day official visit to Finland Wednesday where he is going to discuss Estonia's integration in the European Union and bilateral trade and economic relations.

Finland is a key trade partner for Estonia. According to the Bank of Estonia, last April the share of the neighboring country in imports was 38.8 percent and in exports 22.9 percent. To balance trade the prime minister intends to offer Finland surpluses of electricity generated in Estonia.

Vahi will be received by President Martti Ahtisaari, meet his counterpart Paavo Lipponen and visit the energy company Imatran Voima. He will be accompanied by Foreign Minister Riivo Sinijarv.

An agreement on joint efforts to combat crime is to be signed during the visit.

Meets Finnish President, Premier

*LD0706150695 Tallinn Radio Tallinn Network
in Estonian 1400 GMT 7 Jun 95*

[FBIS Translated Excerpt] Prime Minister Tiit Vahi met Finnish President Martti Ahtisaari and Prime Minister Paavo Lipponen in Helsinki today. At the meeting with Prime Minister Lipponen, they discussed issues related to the European agreement to be signed; issues of economic, scientific, and technological cooperation; and matters relating to the Via Baltica highway project. As a project for the future, building a pipeline for importing natural gas from Norway was discussed.

Estonia has a large trade deficit with Finland. To reduce it, the Finnish side was asked to increase investment in Estonian high technology. Such investments would balance the trade. [passage omitted]

Border Compromises, EU, NATO Discussed

*LD0706201895 Tallinn Radio Tallinn Network
in Estonian 1700 GMT 7 Jun 95*

[FBIS Translated Excerpt] Prime Minister Tiit Vahi is in Finland on a working visit. Government press representative Maarika Saarna-Siimann will sum up his meetings now:

[Saarna-Siimann] Prime Minister Tiit Vahi met with Finnish President Martti Ahtisaari today. Taking part in their 30-minute discussion were Estonian Foreign Minister Riivo Sinijarv and Estonian Ambassador to Finland Jaak Joeruut. Finnish Foreign Minister Tarja Halonen and Finnish Ambassador to Estonia Jaakko Kaurinkoski also attended. During the discussion issues to do with the European Union were touched upon as well as Estonian-Russian relations, first and foremost the possibilities for resolving the border issue. Tiit Vahi said that Estonia was prepared for compromises on the border issue while proceeding from the Tartu peace.

Visa-free travel was also under discussion. As is known, both Estonian and Finnish presidents have voiced their hopes for visa- free travel between the two countries to come into effect next year. [passage omitted about agreement signed today]

This subject took also a prominent place at a meeting between Prime Minister Tiit Vahi and his Finnish counterpart, Paavo Lipponen, before the signing of the agreement on the joint fight against crime. Finland is willing to open official talks with Estonia on visa-free travel, without any conditions, but this must be preceded by the signing of an agreement on the return of refugees.

Finland offered its help building a refugee camp in Estonia as well as advice from its specialists toward resolving the refugee issue. Tiit Vahi stated that Estonia plans to invest into tighter border controls and to introduce new passports with better security features. The prime minister noted that visa-free travel with Denmark, Britain, and several other countries had not resulted in any significant problems so far.

The Finnish prime minister was interested in the integration of the Russian-language population and in residence permits. Finland is willing to provide continued support toward Estonian-language teaching to non-Estonians and toward retired Russian servicemen's departure from Estonia.

At a request from Prime Minister Lipponen, Tiit Vahi provided a survey of the domestic political situation in Estonia. The prime minister acknowledged that Estonia's development has been swift and generally in the right direction, with more attention required to regional and social policies. The prime minister rated the Estonian domestic political situation as being stable and noted that according to opinion polls, support for the government was high. Tiit Vahi stated that Estonia would continue on the course of strict monetary policy, balanced budget, and liberal market economy.

Speaking about Estonia joining the EU — as is known, Prime Minister Tiit Vahi will sign the association agreement with Europe, together with the other Baltic prime ministers, on 12 June in Luxembourg — Tiit Vahi asked for Finland's support for Estonia becoming a full member as soon as possible. The Finnish prime minister acknowledged that Finland had always supported Estonia in this respect and would continue to do so. At the same time Lipponen noted that Estonia should not entertain high hopes of joining NATO swiftly; the country should build up its own defense forces like Finland has.

Economic cooperation between the two countries was also discussed at the meeting. [passage omitted on trade deficit]

Estonia is applying practically no customs barriers on its borders and expects the same of Finland.

Toward the end of their meeting Tiit Vahi handed to Paavo Lipponen an official invitation for a visit to Estonia. The invitation was gratefully accepted, with a date to be agreed through diplomatic channels.

One could conclude with Tiit Vahi's words: Relations between the two countries are good, but there is always room for improvement.

Compromises Called For in Russian Border Talks

LD0806115995 Tallinn Radio Tallinn Network in Estonian 1100 GMT 8 Jun 95

[FBIS Translated Excerpt] Estonia must be prepared to compromise over concluding a new border agreement with Russia, Estonian Prime Minister Tiit Vahi said today. In light of the current situation, there is a need for compromise at negotiations with Russia.

Vahi did not wish to specify what Estonia is prepared to agree on at the border negotiations. Disclosing this before the talks, Vahi said, would be like revealing one's hand to the other side. Vahi emphasized that when negotiating a new border treaty, Estonia will proceed, as before, from the [1920] Tartu peace treaty, but apart from that we are prepared for compromise. [passage omitted]

Plan Outlined To Link Energy System to EU

WS0906113095 Tallinn BNS in English 0723 GMT 9 Jun 95

[FBIS Transcribed Text] Tallinn, Jun 08, BNS — Estonia aims to eventually link its energy system with the integrated network of the European Union via the Nordic countries, Prime Minister Tiit Vahi said on Thursday [8 June].

Speaking about his Wednesday's meeting with leaders of the Finnish energy suppliers Imatran Voima Oy [IVO], Vahi said he and IVO's leaders had discussed plans for installation of an electric energy supply cable between Estonia and the Nordic countries.

Because of the costs of such a project, the topic of starting the work is not on the agenda at this stage, the prime minister said. But he added he was sure that such a link must come one day, since the Estonian energy system has to be connected with the European infrastructure.

He mentioned bringing Estonia's legislation concerning the energy sector into line with market economy principles as currently the priority area of energy-sector cooperation between Estonia and Finland.

"Already in the course of this year we will introduce structural changes in Estonia's energy system and separate producers of energy, transmission networks and distribution systems from each other," Vahi said. He explained that this meant dividing the present state monopoly into three.

As the next step, the government plans to allow private capital and foreign investors to buy stakes in companies operating the country's energy system.

Latvia

Visiting Uzbek President Holds News Conference

LD0706141095 Riga Radio Riga Network in Latvian 1200 GMT 7 Jun 95

[FBIS Translated Text] In the near future, Latvia and Uzbekistan will form a special commission to prepare a mechanism to execute the agreements that have been signed and monitor their implementation, Uzbek President Islam Karimov said at a news conference today. We have already reported that yesterday six documents were signed between Latvia and Uzbekistan: a treaty of friendship and cooperation; an agreement on cooperation in the spheres of transport, tourism, and science and technology; an agreement on air transport; and a protocol on consultations between the two countries' Foreign Ministries. In September a Latvian Government delegation is going to Uzbekistan, headed by the prime minister. An agreement is due to be signed on avoidance of dual taxation and mutual protection and promotion of investments.

Baltic Foreign Ministers Meet in Riga

LD0906102295 Tallinn Radio Tallinn Network in Estonian 0600 GMT 9 Jun 95

[FBIS Translated Text] Riivo Sinijarv, Valdis Birkavs, and Povilas Gylys, the Baltic countries' foreign ministers, are meeting in Riga today. They will discuss common policy in relations with Russia, Ukraine, and Belarus. One of the key subjects at the three ministers' meeting is the Baltic countries' integration into EU structures. Communications with the United Nations, the Nordic Council, and other international organizations will also be coordinated.

The ministers will discuss the standardization of policy on illegal immigrants, consular issues, and aims in the work of the Baltic Council of Ministers. The foreign ministers will also make preparations for the 1 July meeting of Baltic and Nordic prime ministers. The foreign ministers are due to sign two protocols on the agreement on their common visa-free space. The Latvian and Lithuanian foreign ministers will sign documents relating to the border between the two countries.

Lithuania

Secretary Christopher Sends Letter of Thanks

WS0906111895 Tallinn BNS in English
0905 GMT 9 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 09, BNS — U.S. Secretary of State Warren Christopher has thanked the Lithuanian government for supporting an indefinite extension of the nuclear Non-Proliferation Treaty [NPT], officials said Thursday.

In a letter to Lithuanian Foreign Minister Povilas Gylys, Christopher noted the treaty would significantly contribute to the strengthening of global security, the Foreign Ministry's press service reported.

The United States made a great effort to extend the treaty unconditionally and for an indefinite time, therefore, Lithuania's position was very important in achieving the aim, the letter said.

Christopher also said that the United States would continue cooperation with Lithuania and other signatories to the treaty to ensure the observation of decisions made at the NPT Review Conference in New York.

Joining EU Linked With Leaving Russia's 'Influence'

LD0806202395 Vilnius Radio Vilnius Network
in Lithuanian 1315 GMT 8 Jun 95

[FBIS Translated Text] Prime Minister Adolfas Slezevicius believes that by signing the treaty on associate membership with the European Union, scheduled for 12 June, Lithuania will wave goodbye to Russia's political influence. The prime minister was speaking today at a news conference in Vilnius. Our correspondent reports:

[Begin Slezevicius recording] A visit to Luxembourg and the signing of the treaty with the European Union is scheduled for Monday, 12 June. This day will represent a breaking point in our modern history: We will be leaving the zone of Russia's influence, Russia's political sphere, and entering a totally different political sphere — that of the family of friendly and democratic countries of the European Union. This is a very important moment. Obviously, it is difficult to assess its importance now: This will be the job for historians. [end recording]

Government Approves 1995 Partnership Plan With NATO

WS0806095095 Tallinn BNS in English
1600 GMT 7 Jun 95

[FBIS Transcribed Text] Vilnius, Jun 07, BNS — The Lithuanian government on Wednesday approved a program of individual partnership between NATO and Lithuania for the current year.

The document, prepared by Lithuanian Foreign and defense ministries, was earlier approved by the alliance's Political-Military Steering Committee on Partnership for Peace.

Lithuanian Defense Minister Linas Linkevicius intends to inform NATO about the program's approval during a visit to Brussels later this week. Lithuanian officials expect that the new program will strengthen the country's image as an active participant of the partnership plan.

Like the previous individual partnership document, the new program is aimed at developing political and military ties with the alliance and bringing Lithuania's defense system in line with NATO standards. Priority areas also include the setting of the Baltic Peacekeeping Battalion and participation of Lithuanian peacekeepers in international operations.

This year's program provides for some 120 partnership events and about 30 events "in the partnership spirit," which is nearly two times more than last year.

Uzbek President Signs Cooperation Accords

LD0706173595 Tashkent Uzbekistan Television
in Uzbek 1430 GMT 7 Jun 95

[FBIS Translated Text] Today an aircraft with the Uzbek state delegation on board landed in Vilnis, the capital of Lithuania. An official welcoming ceremony took place at the Lithuanian president's palace, where President Islam Karimov was met by President Algirdas Brazauskas. There was a guard of honor and the state anthems of the two countries were played.

Then tete-a-tete talks between the heads of state started. After this, talks were held between the full Uzbek and Lithuanian delegations.

At the end of the talks Presidents Islam Karimov and Algirdas Brazauskas signed a joint declaration on the development and deepening of bilateral cooperation, and agreements were also signed on cooperation in the spheres of science and technology, tourism, arts and culture, air transport, and communications. An agreement was signed which envisages jointly combating infringements of customs regulations.

The visit of the Uzbek state delegation to Lithuania is under way.

Chairman of Polish Senate Addresses Lithuanian Seimas

LD0806105295 Vilnius Radio Vilnius Network in Lithuanian 0900 GMT 8 Jun 95

[Report by Guoda Salciute from the Seimas]

[FBIS Translated Excerpt] After a visit to the Rasos cemetery in Vilnius, the Polish Senate delegation headed by Adam Struzik, chairman of the Polish Senate, was given a warm welcome at the Lithuanian Seimas. Struzik addressed the Seimas and pointed out that this is the first time a chairman of the Polish Senate has spoken at the Lithuanian parliament. He also indicated that the new kind of relations between the two countries corresponds to the expectations of both nations.

Talking about Poland's foreign policy, Mr. Struzik stressed that a new order in Europe has contributed to determining Poland's strategy, which is full membership in the West European Union, the European Union, and NATO.

[Begom Struzik recording, in Polish fading into Lithuanian translation] Our decision to take part in the European Union and NATO is based on our national interests and security demands. It is not directed against anyone. We have proved in practice that we base our relations with our neighbors on the principles of friendly cooperation. This is how we see our relations with neighboring Lithuania. We could argue about the meaning and expression of our common history; however, there is no doubt that while referring to it we should first look for what unites and not divides us. [passage omitted] [end recording]

The chairman of the Polish Senate stressed that the Polish-Lithuanian treaty signed last year is a great leap forward in our relations. The treaty provides a solid base for our relations and proves that democratically governed nations are able to find a realistic path for cooperation.

Traditionally, the chairman of the Polish Senate takes care of all the Poles in the world; therefore, having expressed the hope that the Lithuanian Poles will be loyal to the Lithuanian state, Adam Struzik said he believes that the Lithuanian Seimas will find constructive solutions on how to avoid hurting the residents of the Vilnius and Trakai districts when 11,000 hectares of land will be annexed to Vilnius.

By the way, the residents of the above districts picketed the Seimas this morning, demanding a resolution to the issue of land.

Going back to international matters, Adam Struzik pointed out that having chosen the path into Europe one should not turn away from the neighbors in the East and said that a meeting between Lithuanian, Polish, and Russian parliamentarians planned long ago will be held this year. [passage omitted]

Seimas Approves Additional Peacekeepers for Croatia

LD0606220895 Vilnius Radio Vilnius International Service in Lithuanian 2100 GMT 6 Jun 95

[FBIS Translated Text] The proposal by the Ministry of National Defense to send a third Lithuanian peacekeeping unit to Croatia this autumn was approved by the Lithuanian Seimas on 6 June. The unit will carry out the mission within the composition of the Danish peacekeeping battalion.

At present, the second Lithuanian peacekeeping unit is carrying out its duties together with Danish servicemen. According to the Ministry of National Defense, it is quiet at their place of service, and all the members of the Lithuanian unit are in good health.

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